



AMERICAN FEDERATION of LABOR

Postwar Forum

HOTEL COMMODORE, NEW YORK CITY

APRIL 12th and 13th 1944

OFFICERS
OF THE
AMERICAN FEDERATION
OF LABOR

1944

WILLIAM GREEN, *President.*
WM. L. HUTCHESON, *First Vice-President.*
MATTHEW WOLL, *Second Vice-President.*
JOSEPH N. WEBER, *Third Vice-President.*
G. M. BUGNIAZET, *Fourth Vice-President.*
GEO. M. HARRISON, *Fifth Vice-President.*
DANIEL J. TOBIN, *Sixth Vice-President.*
HARRY C. BATES, *Seventh Vice-President.*
W. D. MAHON, *Eighth Vice-President.*
FELIX H. KNIGHT, *Ninth Vice-President.*
EDWARD FLORE, *Tenth Vice-President.*
HARVEY W. BROWN, *Eleventh Vice-President.*
W. C. BIRTHRIGHT, *Twelfth Vice-President.*
W. C. DOHERTY, *Thirteenth Vice-President.*
GEORGE MEANY, *Secretary-Treasurer.*

Am 3 p
1944
Copy 1

AMERICAN FEDERATION OF LABOR POST-WAR FORUM

Hotel Commodore, New York City—April 12th and 13th, 1944

COMPLETE REPORT OF PROCEEDINGS

A. F. of L. Post-War Planning Committee

MATTHEW WOLL, *Chairman*

GEORGE Q. LYNCH

HARVEY W. BROWN

AGNES NESTOR

REUBEN SODERSTROM

JOHN CHILDS

MILTON P. WEBSTER

RICHARD GRAY

GEORGE M. HARRISON

DAVID DUBINSKY

AMERICAN FEDERATION OF LABOR
Washington, D. C.

TABLE OF CONTENTS

A. F. of L. Forum on Labor and the Post-War World

	Page
Report of A. F. of L. Committee on Post-War Planning.....	1

MORNING SESSION

April 12, 1944

"WORLD ORGANIZATION"

Speakers:

Matthew Woll, opening address.....	7
James T. Shotwell.....	9
J. B. Condliffe.....	11
Edward J. Phelan.....	13
David Dubinsky	15
Robert J. Watt.....	16

AFTERNOON SESSION

"FULL EMPLOYMENT IN POST-WAR AMERICA"

Speakers:

Percy R. Bengough.....	18
Alvin Hansen	18
Paul Hoffman	22
Donald H. Davenport.....	24
Marion Hedges	28

EVENING SESSION

Speakers:

William Green	29
Breckinridge Long	31
Harold D. Butler.....	33

MORNING SESSION

April 13, 1944

"LABOR AND SOCIAL PROGRESS"

Speakers:

Agnes Nestor	34
Sumner H. Slichter.....	36
Alice Hamilton	38
George S. Counts.....	40
George N. Shuster.....	43
Milton P. Webster.....	44
Max Zaritsky	45

JUL 26 1945 A Day of gift

AFTERNOON SESSION

"FREE LABOR AND FREE ENTERPRISE IN THE POST-WAR PERIOD"

Speakers:	Page
Victor Olander	46
George Meany	49
Eric Johnston	51
Robert Gaylord	52
James G. Patton.....	54
Murray D. Lincoln.....	57
Elmer E. Milliman.....	60
George Q. Lynch.....	63
James M. Duffy.....	63

EVENING SESSION

Speakers:	
John L. Childs	65
Paul V. McNutt.....	66
John A. Ryan.....	68
Matthew Woll, resumé of Committee Report.....	70
William Green, closing address.....	71

Democratic institutions in our nation and the whole world face a serious crisis in winning the peace after the military struggle is won. Experiences after the first World War have made us very mindful of our responsibility for winning this war. At that time the American Federation of Labor as a national organization had been looking forward to participating in the peace from the time that Samuel Gompers introduced his resolution on this subject in the 1914 convention.

But somehow our whole nation was not aware of the international forces that made our participation in the war inevitable and which made our participation in international agencies to preserve the peace, indispensable.

Early in this war, in accord with the instructions of our convention, I appointed a Post-War Committee to study developments and make recommendations to the Federation. That committee has made a number of interim reports on various problems and prepared this first general report on winning the peace at the international and national levels.

In accord with our additional responsibility to advise our membership on findings and recommendations, the Federation authorized the Post-War Committee to hold a national forum on post-war problems. Such a forum was held in New York City, April 12 and 13, 1944. All affiliated organizations were invited to send representatives to that forum, in which leaders of industry, farmers, workers, public authorities and technicians participated. The minutes of this meeting will be helpful to local unions studying local problems and are published for that purpose.

We have in mind additional conferences, regional as well as national.

Our Post-War Committee will continue its work which is necessary to guidance in problems ahead.

We hope by these means to bring authoritative information to all workers for their assistance as workers and as voters.



President,
American Federation of Labor.

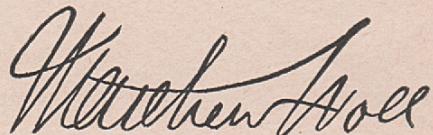
The Post-War Committee of the American Federation of Labor submitted to the Executive Council of the American Federation of Labor its first general report on proposals for both the international and the domestic fields.

We point out that the enemy which has thus far defeated peace between nations is war, and that the entrenched enemy which defeats permanent well being within our nation is unemployment.

We recommend the procedures and agencies that can deal with the political and economic causes of war in the international field and agencies and procedures needed in the United States for reconversion from a war to a peace economy. The objectives which should control reconversion are: the promotion of maximum levels of production, free competition, maximum levels of employment and compensation, effective opportunity for small business. We seek to preserve the right to start a business enterprise and the right to choose a job. In both of these aspects of free enterprise, and one cannot exist independently of the other, those concerned must have opportunity to promote their material well being.

Plans for reconversion affect industries and those who carry on the activities of industries. In order to promote the interests of both impartially, plans for human as well as industrial reconversion must be made together in proper balance. Reconversion involves cancellation of war contracts with industries and cancellation of work contracts between industries and employes. The economic welfare of both should be planned with even-handed justice.

For workers whose incomes are dependent upon jobs, the national responsibility for the situation should be recognized by provision for emergency unemployment compensation, integrated with provisions for unemployment compensation in the states. Second in importance is an effective and efficient employment service, national in scope of service and information. Such an organization must have the unifying authority that comes from national planning and integration. We propose services for veterans preliminary to their inclusion into the national work force where they will benefit by provisions for civilian workers.



Chairman,
A. F. of L. Committee on Post-War Planning.

American Federation of Labor Post-War Program*

PART I.

The Bases of Lasting International Peace GUIDING INTERNATIONAL PRINCIPLES

I. *War is the enemy.* The American Federation of Labor believes that war among the nations waged by the modern engines of death and destruction is the supreme enemy of the well being of the common people of the world. We recognize that our own movement of organized labor—a movement which is the product of the long struggle of workers for economic and social democracy—has no future of promise in a world living under the threat and burden of the war system. We consider that the elimination of war as an instrument of national policy is a condition essential to the perpetuation and the further development of our democratic way of life.

II. *Lasting peace must rest on social justice and include all peoples.* We reaffirm this principle set forth by Samuel Gompers at the close of the First World War in the Constitution of the International Labor Organization. This principle has now to be incorporated in the peace settlement at the end of the Second World War. We are in full accord with the way in which it is elaborated in the Atlantic Charter and the Four Freedoms set forth in President Roosevelt's message to Congress, January 6, 1941. We note with satisfaction the Declaration of President Roosevelt, Prime Minister Churchill and Marshal Stalin at Teheran, in which they stated, "We shall seek the co-operation and active participation of all nations, large and small, whose peoples in heart and in mind are dedicated, as are our own peoples, to the elimination of tyranny and slavery, oppression and intolerance. We will welcome them as they may choose to come into the world family of democratic nations." It is our belief that these principles must be translated into policies and acts, both now and in the future.

III. *The only safety from war is in the international organization of peace.* The industry of war has now been taken over by modern science even more completely than the industries of peace. It is no longer a local conflict but spreads its disturbance over the lives of every one everywhere. Labor is especially aware of its destructive power, which drafts so many workers in the fighting forces and creates economic confusion at home. The conflicts of today have proved that we can no longer rely on our favored geographical position to maintain our national safety. Moreover, the vast majority of the workers of our country realize what it would mean to respond to this changed situation by engaging in that rivalry for power which is inherent in any effort to make ourselves secure through a program of national expansion and militarism. The outcome of such a policy is not security, peace, and a rising standard of living, but increasing suspicion, mounting military expenditures, imperialistic adventures and war. We believe, therefore, it is imperative that the

United States do its full part to help develop a general system of mutual security.

IV. *Victory is not enough.* The total defeat of the Axis Powers is essential to clear the way for democratic international reconstruction, but to stop with that alone would not furnish us with any permanent guarantee of security. The United Nations must be ready and equipped to use whatever means are necessary to prevent the outbreak of war. This will surely require programs for policing and the use of armed forces, but we do not believe that the mere massing of force on the part of the United Nations will be sufficient to provide lasting security. In order to maintain international peace, political and military programs must be associated with a far-reaching economic program which will be designed, not to advantage certain nations at the expense of others, but to organize and utilize the new productive powers of industry and agriculture for the advancement of the standards of living of all peoples. World-wide economic health is essential to security. The American Federation of Labor is convinced that the acid test of the leadership of the United Nations will be whether they can organize the post-war world for this kind of economic and cultural progress.

V. *Prosperity can be achieved by a free people under a regime of social justice.* We have demonstrated during this war that a free economy can produce goods in unimagined abundance. In the years of peace a sustained high level of production and employment is also possible if there is assurance of economic justice within nations and between nations. To accomplish this, it will be necessary to get rid of that kind of exploitation which tends to concentrate income in the hands of the few and prevents the great mass of workers from having the purchasing power to buy the things they need for daily life. It also will be necessary to lessen the barriers between nations so that there may be a larger interchange of goods and services for all. The basic test of freedom is the welfare of the common man. We hold that under freedom society can be so organized that everyone will have an opportunity to earn his own livelihood.

VI. *Freedom of thought and expression must be safeguarded throughout the world.* This is the ultimate moral purpose, underlying all others, for which we are fighting the Second World War. Tyrannical governments which would crush out freedom of thought in their own lands endanger spiritual freedom everywhere. In the world community of today, we cannot be indifferent to cruelty and oppression because such indifference strengthens the arm of the oppressor. Mere verbal protests are not enough, and yet we must be careful not to interfere in the domestic affairs of other peoples which are properly their own concern. The growth of freedom throughout the world depends upon the growth of the public conscience without which laws and international agreements are of no avail. We hold that labor organized in free unions has a high place in the development of the conscience of mankind and that in this field its vigilant and active service for the public good will be fundamental for the safeguarding of human rights in the post-war world.

* Program prepared by the Committee on Post-War Planning and approved by the Executive Council of the American Federation of Labor.

VII. *Long-range plans must be made now.* While the full realization of these principles will have to await the establishment of final peace, we recognize that piecemeal and experimental procedures will have to be followed in the construction of these new world economic and political institutions. During the transitional period, however, the direction in which reconstruction must move if it is to meet the needs and the aspirations of the common people of all lands should be nevertheless definite and clear. The world-wide depression of the previous decade, and the world-wide war which followed, have proved once again that we are members one of another. Poverty, unemployment, and widespread economic insecurity are not endurable in the midst of potential plenty. To organize the economic life of the world so that these possibilities are made actual is the ultimate aim of organized labor. It will be satisfied with no lesser program for the years of peace.

They must not be left as mere objectives and principles, however. The urgency of the situation requires that all of the great functional groups of our society—Labor, Business, Agriculture, and the professions—unite to discover the concrete means by which these aims can be attained. We believe that the primary emphasis should be placed, not on the creation of a new sovereignty, but rather on the development of definite ways of working together in the international field to accomplish these purposes.

PART II.

International Program

The program for the establishment of a lasting peace must provide for the continuing cooperation of the nations of freedom in the three great areas of their common interest—security, livelihood, and justice. This cooperation does not involve the creation of a world government, but the acceptance of definite obligations to work together under agreed conditions and within the limits set by them. The basic principles are those of the Atlantic Charter and the other pronouncements of the United Nations, developed along the lines indicated in the first part of this statement.

1. Security

The program for the prevention of war has already been set forth in the Four-Nation Declaration signed by the governments of the United States, the United Kingdom, the Soviet Union, and China:

That their united action, pledged for the prosecution of the war against their respective enemies, will be continued for the organization and maintenance of peace and security.

That they recognize the necessity of establishing at the earliest practicable date a general international organization, based on the principle of the sovereign equality of all peace-loving states, and open to membership by all such states, large and small for the maintenance of international peace and security.

That for the purpose of maintaining international peace and security pending the re-establishment of law and order and the inauguration of a system of general security, they will consult with one another and as occasion requires with other members of the United Nations with a view to joint action on behalf of the community of nations.

The substance of this declaration was incorporated into the (Connally) Resolution of the United States Senate on post-war policy. Steps should now be taken to insure the

speedy realization of these plans. These steps should include:

1. The calling of a United Nations Commission either to establish the "General International Organization," referred to in the Moscow Agreement, or to serve provisionally in that capacity.

2. The transformation of the wartime alliances of the United Nations into an organization for peace. The initial organization for policing will grow out of the military situation at the end of the war and will remain a primary responsibility of the Great Powers. It should be recognized, however, that this is a purely temporary necessity. The program for international security in the future will have to be worked out by the United Nations as a whole. For this purpose the "General International Organization" will need the advice of civilian as well as military experts. The problem is one which will continually change with the progress of science. Therefore, this Commission of Experts should advise the United Nations concerning all the technical questions involved in armament and disarmament.

Unilateral action and regional understandings are only valid when in accord with the measures taken by the General International Organization and conform to the basic principles of the Atlantic Charter which bind the United Nations to "respect the right of all peoples to choose the form of government under which they live," and to make "no territorial changes that do not accord with the freely expressed wishes of the people concerned."

We believe that the United States has much at stake in the maintenance of these foundation principles, and the American Federation of Labor pledges its full support in any steps to supplant tendencies toward unilateralism with genuine cooperative action which will broaden and deepen the mutual relations already achieved by the United Nations.

2. Livelihood

The program for economic and social welfare, like that in the sphere of security, falls naturally into two parts: the provision for relief and rehabilitation during the war and transitional period, and the provision for long-range plans and policies capable of development under the conditions of peace.

1. *Emergency measures arising from the war.* The United Nations Relief and Rehabilitation Administration (UNRRA) is deserving of universal support. It should have an adequate representation from Labor on its staff. The aim of relief should be to make it possible for the peoples who have suffered in the war to become self-supporting. We do not believe that either they or the United States would profit from continuing charity after the restoration of normal conditions.

2. *Long-range planning.* A certain number of international functional agencies will be necessary to insure the consistent development of sound economic policies in a world which will be increasingly responsive to the advances in technology due to scientific discovery and invention. The frontiers of the world of labor are those of economic as well as political geography, and the economic barriers to freedom of intercourse must not be permitted to block the pathway to prosperity. These problems by their very nature cannot be solved in any single set of laws or agreements because the conditions with which they deal are forever changing. It is, therefore, necessary to main-

tain and create the pertinent institutions for dealing with them.

(a) The International Labor Organization (I.L.O.) has abundantly justified its existence. It should be enlarged and strengthened as an instrument for raising the standard of living of peoples in all countries and for safeguarding the rights of the working people.

(b) The Food and Agriculture Organization (F.A.O.) which has now been planned receives the full support of Labor. There should be parallel organizations to deal with problems of health and social welfare, such as the promotion of child welfare, education, the prevention of epidemics, traffic in drugs and traffic for immoral purposes.

(c) In the world of commerce and industry there should be agencies to deal with such problems as (1) the stabilization of foreign exchange, (2) communications and transport on land, sea and in the air, (3) the commercial policy including cartels, (4) fiscal policies and foreign investments, (5) access to natural resources and raw material, (6) to coordinate these activities there should be a United Nations Economic Organization with consultative and advisory functions.

In each case there should be provision for objective studies of the facts which should be made available to the general public.

3. Justice

The program for the re-establishment and development of justice in international relations in the post-war world has a sound foundation in international law, but must be strengthened and developed with the growth of the common interests in the substitution of pacific means of settlement for force and violence among nations.

(1) The Permanent Court of International Justice should be adopted as the supreme judicial tribunal of the international organization.

(2) The scope of arbitration should include the settlement of economic as well as political disputes.

(3) For the settlement of political disputes conciliation is a ready and approved method for which the permanent political structure of the United Nations should be used as well as special bodies for specific problems.

(4) For the safeguarding of human rights, there should be a permanent international institute to study and report to both international and national bodies on the problem of developing the principles and procedures of international justice with respect to groups or individuals.

PART III.

Post-War America

GUIDING DOMESTIC PRINCIPLES

1. *Our immediate responsibility is to win the war.* From the beginning, organized labor has recognized that the winning of this war is essential to the promotion of the interests of the common man in our own country and in the world. We have given unstinted support to the war effort, even voluntarily suspending the exercise of the hard-won right to strike. The result has been an achievement of production without precedent in the history of mankind. Such deeds demonstrate that the American Federation of Labor wants no peace of appeasement. We will continue to support the war effort until a complete victory is won.

2. *Our long-time responsibility is the well being of all men: Our distinctive function is to promote the well being of workers.* In serving this purpose the American Federation of Labor has been both an expression and an organ of American democracy. There has been, there is, and there can be no lasting conflict between a movement created by the working people and democratic purposes and processes. Throughout the history of our country, the working people have asserted and fought for recognition of the worth and dignity of Labor; for the rights of the worker in his job; for a living wage and a rising standard of living for all; for social security; for political freedom; for civil liberties; and for free public education. Confronted by the present period of profound social, economic, and political change, we reaffirm our historic commitment to these ends—to both democratic purposes and democratic means. We expect to be represented in both the domestic and international processes by which the post-war world will be organized.

3. *The well being of the worker depends upon his rights on the job.* The whole life of the worker is pervaded and molded by his job, by the physical conditions under which he works, by the length of his working day, by the adequacy of his pay, by the extent to which he is protected against arbitrary discharge, and by the nature of the strains under which he works. Only as he engages in an occupation recognized as useful by his fellows does the individual have an inner confidence that he is needed by and belongs to his community. The harmful spiritual consequences of enforced unemployment are no less real than its material deprivations. The essence of slavery—one of the most evil of all human degradations—is to be compelled to work at the dictation of another. The right to work and the right to quit work are among the most basic rights of free men. The free and independent mind, which is the moral foundation and source of our democratic way of life, decays and becomes corrupted in a society in which workers are insecure.

At long last and after more than a century of severe struggle, the right of the worker to unite with his fellows to protect and advance his interests has been made a part of the law of the land. This right has been given memorable expression in the National Labor Relations Act of 1935, which declares "employees shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, for the purpose of collective bargaining or other mutual aid or protection."

The American Federation of Labor is determined to defend this right against any and all forces that may challenge it.

4. *Unemployment is the entrenched enemy.* The war has shown the vast productive potential of America, once our material and human resources are mobilized for common purposes. In the short space of three years, we have increased the total productive facilities of our nation by nearly one-half. During this same period we have also doubled the total national income. This remarkable record in production calls for a revision of all former estimates of what is possible and desirable. Future productive capacity can provide better homes, better food and clothing, more adequate medical care, finer communities, and richer educational and cultural opportunities for all. We believe

that our country can maintain its internal unity and strength and take its necessary part in promoting world security and economic and cultural advance, only as it creates means by which this higher level of production and employment is sustained. In order to preserve and extend our standards of living, American democracy must enter upon this bold and creative task. The American Federation of Labor refuses to tolerate the defeatism which holds that under a democratic regime of freedom, it is not possible to make this abundance actually available to our people.

5. The stability of our democracy will require the provision of productive jobs and services for the millions demobilized from the armed forces and the war industries. Demobilization allowances for returning soldiers, Federal interim placement benefits for all in the labor market, unemployment insurance and provisions for retraining are all necessary, but in and of themselves they do not touch the heart of the problem. In the last analysis the demobilized can have economic security only as they are employed in productive work. There is no substitute for a job. Close cooperation of private enterprise and government—federal, state, and local—will be required to maintain production and employment during this difficult period of the shift from the war to the peace economy. The American Federation of Labor is eager to do its part to organize, and support a national rehabilitation, retraining, production and employment program adequate to meet the needs of all who have served on either the fighting or the home fronts.

6. Free and independent organizations of the people are an indispensable means of checking concentration of economic and governmental power. If the common people are to exercise effectual control over the conditions which determine their livelihood, two things are required. On the one hand, it is imperative that the trend toward private monopoly and the concentration of wealth be reversed. History has demonstrated that concentration of wealth and economic power in private, monopolistic hands undermines the very foundations of a free society.

In our interdependent industrial society, with its vast mass-production enterprises, government regulation is necessary to care for the general public interest. It can, however, assume dangerous forms.

We contend that it is only as organizations of labor, farmers and other functional groups maintain their essential freedom that the danger of both industrial and political despotism can be averted. We therefore demand that in both industry and government more adequate means be provided whereby these functional groups can be directly represented in the formulation, administration, and the valuation of over-all economic policies.

7. The common good requires the cooperation of the great functional groups. We recognize that organizations of business, of finance, of farmers, and of the various professions as well as of labor have their indispensable part to play in the development of our common modes of living. Each of these groups should press for the adequate recognition of its own peculiar interests. Fortunately, each of the major functional groups is beginning to understand that the impoverishment of other groups endangers its own security and prosperity.

The workers of the city and the workers of the country

have deep mutual interests. The prosperity of the one ultimately requires the prosperity of the other. We believe that the welfare of the nation now requires more than ever the cooperation of farm and city workers.

Impoverished agricultural and industrial workers cannot provide an adequate and stable market for goods and services. All will suffer disaster if the powerful organizations of finance, business, farmers, and labor seek merely to advance their own interests without regard for the consequences on the community as a whole. We believe that the cooperation of these functional groups in the development of a framework of controlling policies for the conservation of natural resources and the progressive organization of our productive powers is a primary need. The American Federation of Labor proposes to do its part to create means for joint consultation and cooperation.

8. Free enterprise is an essential part of the democratic way of life. As political freedom assures the individual basic civil rights which entail corresponding duties, so economic freedom assures economic rights which constitute contract and entail their corresponding duties. We believe whole-heartedly in free enterprise as an essential in personal freedom. The right to start a business and the right to choose a job form the basis of a free life. Free enterprise and free labor are interdependent. Neither can last without the other. Our free economy rests on community of interests and it maintains itself through cooperative action mindful of the interests of all concerned. Experience has demonstrated that when the rights of free unions are impaired, free enterprise is no longer secure. By free enterprise we mean a progressive economy which provides incentives and opportunities for individuals and groups to take the initiative and to assume the risks involved in launching new forms of productive activity. Thus organized labor means by free enterprise bold initiative for the increase of the range and efficiency of production, not the disregard of the needs and rights of others.

We want a regime of economic freedom, but our enterprise system must demonstrate that it can function so as to husband and utilize, not to waste and dissipate our natural resources. We want free enterprise, but our productive system must be committed to the progressive raising of the national income and the maintenance of full employment. Such a system is necessarily opposed to all tendencies toward monopolistic restriction. We want free enterprise, but we also want an economy which will provide ample support for the health, educational, recreational and similar public services so essential to the welfare of the working people in our industrial society. Finally, we want a program of economic enterprise which will not be repressive, but will support the free exercise of civil and political liberties.

9. Equality of opportunity is an authentic goal of American democracy. Unfortunately, this ideal of equality is now denied in many of our established policies and practices. It is denied wherever children or adults do not enjoy equality of educational opportunity. It is denied wherever individuals are deprived of their civil and political rights guaranteed by the Constitution. It is denied wherever workers, because of race, religion or sex, do not have an equal chance to get jobs, and to be promoted in their jobs. The American Federation of Labor is opposed to any and all of these forms of discrimination—whether in the sphere of politics, of education, or of work. We believe that the

dignity and worth of each worker should be respected, and that our movement will be handicapped in its effort to promote higher levels of production and employment so long as any of these discriminations are permitted to exist.

10. *The preservation of our democracy demands vigorous support of the civil liberties and public education.* We live in a revolutionary age. America is in the process of making far-reaching adjustments in both her domestic institutions and her foreign relations. We believe that these changes in economy, government, and foreign affairs can and must be made by and for the people. This can be done intelligently and peacefully only as we keep open the avenues of education, association and organization, discussion, investigation, publication, and communication. In our fateful period, public enlightenment and free discussion define a social necessity, not a luxury. Those who would curb these basic democratic rights to protect narrow class privileges, and those who would abuse them in the slavish service of foreign governments and alien party lines strike at the very foundation of our freedom. The American Federation of Labor believing as it does in democracy as both means and end will continue to fight for these rights, and to expose and oppose all who would abridge or impair them for any reason whatsoever.

PART IV.

Immediate Domestic Program

What we do now determines our post-war adjustment. We maintain that there must be close coordination of war mobilization and reconversion programs. Policies controlling both the letting of contracts and cut-backs vitally affect our peacetime economy and the potentiality of many industries. The issue has already been raised: Shall we have pools of unemployed or shall civilian industries begin resumption of production? Demobilization guided by Labor's dominant purpose can lead us directly into production at high levels or it can provide privileged security for some in an economy of scarcity. We demand that the United States choose production at high levels.

War Mobilization and Reconstruction

1. The American Federation of Labor proposes that Congress authorize the establishment of an Office of War Mobilization and Adjustment with an Economic Commission composed of representatives of the basic economic functional organizations of workers, employers and farmers. Its chairman shall be chosen from the general public. This Economic Commission shall make the policies to guide war mobilization, reconversion and reconstruction and reemployment. Representatives on the Commission shall be appointed by the President from panels submitted by the respective organizations of labor, farmers and business and approved by the Senate.

2. This Office shall coordinate plans for production and reemployment and time demobilization of armies with work opportunities.

3. This Office, in order to facilitate employment after the war, shall be prepared to promote the effective and early resumption of private business by:

- a. Negotiation of contract cancellation.
- b. Prompt settlement of claims.

- c. Removal of government property from plants.
- d. Disposition of government surplus property.

There must be over-all policies to assure free enterprise to small as well as big business to lead into maximum levels of production with high levels of employment at pay which makes possible steadily rising standards of living, and to promote competitive business to safeguard our home markets.

4. The machinery for demobilization and reconversion should, wherever possible, be existing agencies operating under guiding policies and in accord with the coordinated programs of the Office and reporting to it.

5. The Office of War Mobilization shall make quarterly reports to a joint congressional committee.

6. The chairman with the representative policy commission shall provide for effective mobilization of manpower, training and retraining, placement of workers and demobilized servicemen and women, and the reintegration of enlisted persons into the civilian work force.

7. Price control and rationing shall be continued until scarcities disappear.

Veterans

For those in the armed services the American Federation of Labor proposes:

1. Demobilization pay to provide opportunity before adjustment to civilian life.

2. Hospitalization, medical care and rehabilitation for the injured.

3. Effective right to complete education and training interrupted by war service or to retraining.

4. Special assistance in finding employment.

5. Interim placement benefits effective three months after demobilization and to continue for two years after reentering the work force.

The National Work Force

For all wage earners the American Federation of Labor proposes:

1. Federal interim unemployment benefits for two years.

2. Early enactment of a federal social insurance system covering all workers in private industry and groups of self-employed persons, providing insurance for emergencies interrupting work: unemployment and short-time incapacity, long-time incapacity and old age, with provision that the Social Security Board may enter into compacts with individual states or their subdivisions, for the purpose of extending social security coverage to their employees.

3. A national employment service essential to advise workers of suitable jobs and employers of suitable workers.

4. Restoration of shorter work-week without material reduction in weekly earnings. During the war wage earners have contributed increased productivity to the war effort without compensation by increases in wage rates. Justice therefore requires that they return to normal hours without material change in weekly earnings.

5. An end of the evil of child labor.

6. Adequate protective labor legislation at both federal and state levels.

Union responsibilities in an economy of abundance. In addition to its responsibility for craftsmanship and discipline of members, and selection of officers to represent the union and negotiate contracts protecting members' rights

and interests, the union must assume the responsibilities accompanying the establishment and maintenance of maximum levels of production and employment. This implies the unreserved cooperation necessary for full employment with review and revision of rules and practices which were developed to protect workers in a depressed and severely fluctuating economy.

Employers' responsibilities. As the price of free competitive enterprise—with profits to cover risks—employers must accept responsibility for directing initiative toward organization of production, employment and marketing that will maintain maximum levels of production and employment.

Through personnel policies and in collective bargaining employers should promote higher incomes for the work force. This is essential to an economy of abundance.

Union-management cooperation. After collective bargaining has become a customary practice, it is possible to develop plans and agencies for regularized cooperation between unions and management. Such cooperation contributes to efficient production and can materially lower production costs. It makes possible a real sense of partnership in the day-to-day problems of joint work.

We urge for all production undertakings genuine collective bargaining as the only basis for union-management cooperation.

Housing. Cities and towns, large and small, have been blighted by the years of stagnation in residential building. Mass shifts of workers brought about by war mobilization and war curtailment of construction activity have multiplied the already acute need for housing.

We propose that work of practical and definite advance planning of rebuilding of communities be undertaken at once as a task by citizens of each and every town. This is an urgent job for local agencies on which private industry,

organized labor and government can work jointly toward assurance of economic growth and security after the war. Home reconstruction provides the broadest single base for production and reemployment in major industries. In keeping with other plans for an economy of abundance, we should carry on slum clearance and rehousing of families whose incomes keep them out of reach of the private home-building markets. This must be done through a program of low-rent housing with public aid of local housing agencies backed by the federal government.

Private initiative should play a leading part in post-war housing reconstruction with safeguards against speculative abuses in construction and financing. Slum clearance and rehousing of low-income families must supplement private effort to bring decent homes within reach of every family and assure healthy, normal growth to all children—our future citizens.

Public works. A program of needed public works and services ready to be let to private contractors should be available to supplement private employment in the conversion period and to start as soon as a trend toward production decline appears obvious.

Fiscal policy. Our national fiscal policy must promote our fundamental purpose—high levels of production and employment. Our accumulated national debt and interest charges thereon will mean sustained high tax rates, but if we maintain high production levels this will not prevent our providing adequate educational opportunities, child welfare, housing, health, public assistance and similar services.

Proposal. We propose representatives of farmers, employers and workers organizations should get together in advance of legislation to agree upon our joint responsibilities.*

* This program deals only with immediate plans. Additional recommendations will be made from time to time.

Proceedings, Post-War Forum, American Federation of Labor

New York City, April 12-13, 1944

WEDNESDAY MORNING

April 12, 1944

The first session of the American Federation of Labor Forum on Labor and the Post-War World was called to order at 10:30 a. m., at the Commodore Hotel, New York City, by Chairman Matthew Woll, of the American Federation of Labor Post-War Planning Committee.

CHAIRMAN WOLL: At the meeting of the Executive Council of the American Federation of Labor, held January last at Miami, the Executive Council, upon the recommendation of the Post-War Problems Committee of the American Federation of Labor, decided upon the holding of this Post-War Labor Conference and to invite to this two-day conference men of outstanding abilities and representations in the various vocations of life.

This is a rather unique gathering in that it is the first time that organized labor has undertaken a meeting of this kind, and I am very happy to say that we have representatives here from throughout the country, not only from Labor but during these sessions we will have at this meeting representatives of business, of the more liberal-minded groups, of the educational field, and from the various strata of society.

We believe we have prepared a most interesting program for you, one that we think will redound to the benefit not only of Labor but to the whole national life. Indeed, we hope that our impressions and expressions for the next two days may be helpful in the entire world situation.

President Green is not going to address you this morning, but is scheduled to address the gathering tonight, and I would urge that those who have not made arrangements for the banquet to be held tonight do so at the earliest possible opportunity so that we may get our seating arrangements in proper shape. With those few introductory remarks, I want to present the following words to the conference:

Our conference meets at a moment when the war is entering upon its decisive stage. In Europe, Hitler's divisions are rolling westward under the inexorable pressure of the mighty Red Army, which within a period of only one year has hurled back the Germans across a distance of nearly 1,000 miles to the frontiers of Rumania and the foothills of the Carpathians. But this invasion is being prepared on a scale and with a concentration of men and machines such as history has never known before. The battles that impend in the West will decide the fate of mankind for generations if not for centuries to come.

In convoking our conference on the threshold of these great events we, first of all, send our warmest greetings to our soldiers, sailors and airmen, and to the heroic fighting men of our Allies, to all those who are battling with us, and whose blood on the fields of battle is mingled with the blood of our sons, brothers and men. In the name of millions of American workers we express our sentiments of warm and never-to-be forgotten gratitude to all those who so bravely offer their lives for the common cause, in the jungles of the Far East and of the Pacific Isles, on the endless plains of Russia, in the valleys and mountains of Italy, in the Balkans, and on all other fronts. We send

our greetings to our Allies—to noble and invincible Britain, who did not fear to stand alone against the treacherous and mighty foe when it seemed as if all had been lost; to the brave and mighty peoples of the Soviet Union, who have suffered so much during the years of Hitler's invasion and whose spirit has remained so strong and firm as to enable them to hurl back the foe from their land; to the great people of China; to the French, Poles, Canadians, Australians, New Zealanders, to the people of India and the Philippines, who are fighting in the ranks of the Allied armies, as well as to the guerrillas and partisans who are risking their lives daily in underground organizations for the sake of our common cause in Norway, France, Belgium, Holland, Poland, Jugoslavia, Greece and Italy.

We American workers also are not sitting with folded arms in this titanic struggle. Millions of our workers are fighting in the ranks of our active armies in Europe, Asia, and the Pacific. Among these workers are millions of members of our unions. Tens of millions of others are working in war production plants, devoting all their energy and enthusiasm to the struggle, regardless of what the enemies of Labor may say on this score. Labor has built the guns, tanks, airplanes which have gone in such huge lend-lease quantities to our Allies and have helped win their brilliant victories. Our hands, too, have built the thousands of ships on which these weapons of war have been carried across the oceans swarming with German submarines, the ships that constitute that mighty merchant fleet without which we never could have transported supplies to our Allies.

In this gigantic struggle, each of the Allies, in accordance with their peculiar geographic, economic and historical conditions, has played a definite and vital role, a role which could not be assumed by any of the others, and without which none of the other partners could have successfully carried out its own part. The peoples inhabiting the Continents of Europe or Asia and subjected in their homelands to attacks from the Axis powers are fighting, naturally, with methods other than those available to the countries beyond the seas or living in island homes, and who are thus compelled to transport their soldiers and fighting equipment on ships across the thousands of miles of water.

We of the American Federation of Labor have supported from the beginning the idea of American aid through lend-lease to all our Allies. We realized that the institutions which give us personal freedom were in danger.

Our conference meets at a time when the war is entering its decisive stage. General MacArthur has moved eastward steadily, island by island, and shortening his supply lines materially. The struggle is on in Burma to broaden and increase the Chinese supply lines. This applies to China and to all of our Allies, in cooperation with whom we are fighting against the common enemy and together with whom we hope to triumph and to establish a new world of freedom and democracy in all countries.

Unfortunately comparatively little has been said to date about this new world in the ranks of the organized workers. This has been due in part to the habit of the workers of leaving the formulation of plans concerning the future and the drawing up of blueprints for new social organizations to learned men, professors, specialists, experts. In addition, we have long been given the impression that it was better not to think at all about planning the new world as long as the war was in progress. We were told that when the war ended then will come the time for planning, discussion and debate on the subject of post-war reconstruction.

But experience has demonstrated that to draw any such line of demarcation between the period of war and the period of peace is artificial and untenable. The war progresses, the fronts change, and together with them we witness also the movement

of the future frontiers of states. While the Anglo-American forces are preparing to invade the European continent, one of our Allies on the continent is altering the face of Europe to suit itself, by its own means and to its own pleasure, without any relation to the principles accepted by all of the United Nations as the basis for the new world.

It is quite evident that while this may not be the time for settling details it is certainly the time for establishing the bases of the future peace. We may not be ready yet to determine the concrete frontiers of every individual state, but the time is certainly here when we must determine, in cooperation with all our Allies, the method and procedure of determining the frontiers of states in accordance with the principles of fairness and democracy.

American workers realize that they have responsibility as voters and members of the community in addition to their responsibilities as workers in a shop. We realize that we are living in a global community with news of our neighbors brought instantly by radio and no member of this community more than 30 hours by plane distant from all others. We realize that whatever happens in this community affects each and all of us vitally. We are not isolationists—for we know there is no way of escaping our world responsibilities if we would have peace.

We want peace desperately for our sons and brothers are in the front lines of battle and all war is waste of what would make life happier and more comfortable for all our citizens. The American Federation of Labor Committee on Post-War Planning has accordingly planned this forum that the members of organized labor and its friends might begin studying together the problems we must solve if we would end war and have an abundance for everybody at home by providing for all opportunity to earn a livelihood.

We have arranged to have those who have long studied special aspects of our problems, report to us the results of their studies. We hope that every representative of organized labor will make this occasion the beginning of more systematic study on his part in addition to taking back to his home organization a report on this forum.

We as workers have a responsibility in our own organization to do our utmost to see that all seeking jobs have an opportunity to work. We have an equal responsibility as voters to send to Congress legislators who understand our national responsibilities and will do their utmost to see that we as a nation take advantage of coming opportunities so that never again shall we be forced to mobilize for war but that all our resources and all our facilities and abilities are utilized to create life more abundantly for all peoples.

With this forum, we are making an interim report on international and domestic problems. We plan to continue our studies and to make frequent reports to you in the form of pamphlets and notes for speakers. We are authorized to increase our research staff for this purpose and we urge that you make the fullest possible use of the materials we shall send you. Each of you privileged to be here, must hand on information to those you represent.

Many of the problems on which we shall send you information will be matters upon which Congress must act. Much will depend upon the quickness and the informed emphasis with which you make appeals to your representatives in the House of Representatives and in the Senate.

Each and every one of you has a responsibility in your local community to see that there are committees planning to insure that national production and employment are at least 20 per cent higher than they were in 1940 and that national income remains at present levels. Labor must participate in such undertakings. We can reach our national goals only if every plant and every production facility and every service plans for maximum levels of employment and production.

We hope that all those who participate in this forum will feel the obligation to continue to share their information and understanding with us. The task ahead is difficult and continuous. The end of war has been the dream of many statesmen in many ages. We, of today, have the privilege of giving reality to that dream if we know what to do and how to do it. We cannot expect to learn this by inspiration, we can seek the answer. And if we seek, we shall find.

That is why we have assembled here in this impressive meet-

ing, at a time when military developments on the various fronts are entering their critical stage. We want the voice of the millions of American workers, the fighters on the labor and production front, citizens of this country and of the world, to be heard clearly and emphatically on the life and death issues confronting us all.

We must declare clearly and unequivocally that, in full accord with the laboring masses of our Allies, we want a world in which the relations between peoples and states shall be determined not by force but by consideration of the principles of national freedom and self-determination of nations; a world in which international conflicts shall be adjusted by amicable and only by amicable means, in the manner formulated by the President of the United States and the Prime Minister of Britain in August, 1941, in the document that has come to be known as the Atlantic Charter. That document was subsequently signed and accepted by all the United Nations, including China and Soviet Russia. It received added emphasis in the joint declaration of the four great powers at the Moscow Conference in October, 1943.

We of organized labor are neither jurists nor scientists but we interpret and accept the Moscow Declaration whole-heartedly at its face value. This declaration provides that none of the allied nations shall seek any territorial aggrandizement; that no territories shall be transferred to any other state without a clear and democratic expression of the will of their people; that every people shall be accorded the right and opportunity to determine its form of government. We continue to support these principles and we object to any abandonment or modification of the Atlantic Charter to meet the demands of any particular state, however powerful it may be.

Organized labor is composed of simple folk who demand that nations, like individuals, shall be obliged to follow the procedure of law, arbitration and abandonment of force in the settlement of conflicts and grievances. For this purpose there must be created an over-all international organization, which would embrace all nations, without exception, great and small, and which would accord equal protection to the strong as well as to the weak in their just demands and needs. If the matter at issue involves territories and frontiers, it should be decided by a plebescite of the population of the territory in question, in accordance with the principles laid down in the Atlantic Charter, and not by the unilateral use of force on the part of the stronger party. We cannot recognize the right of one contesting party, however strong and however great the service it has rendered to the common cause, to settle territorial differences in any other way than by the democratic process prescribed by international agreement and obligatory upon all, the strong and weak alike. If, proceeding from a false "realism" we accept the violation of the principles of the Atlantic Charter, we shall undermine the very foundation upon which we seek to establish the edifice of the future community of nations, and all our declarations concerning the rights of peoples, and all our assurances concerning the equality of all before the law will be rendered unconvincing and hypocritical. The proposed new order would then be founded, as before, upon force, upon the balance of power, upon military alliances, upon division of the world into spheres of influence, with all the inevitable consequences with which we are so familiar.

The danger would then arise that the peace that will crown this terrible, bloody war would be only an interlude preparatory to another, even more terrible world catastrophe. For this reason it is necessary to set up at once a United Nations Commission, which would supervise, during the transition period, the enforcement of the aforesaid principles, pending establishment of an all-embracing community of states.

Good-neighboringly economic cooperation in mutual trust and help is needed for relief and reconstruction in the period of transition from the war to a peace economy and for permanent security of employment and greater welfare thereafter. The United Nations should immediately begin relief activities designed to save the lives of the millions now starving in Axis-occupied countries. Nations that have been devastated by the war should be supplied with the materials and equipment necessary for reconstruction as soon as possible. With the aim of pursuing policies designed to assure the maximum utilization of manpower and creation of opportunities for full employment, an economic council of the United Nations should be established

to coordinate the activities of the various international agencies which have been or will be instituted to carry out common economic tasks. Labor should be assured adequate representation in all these bodies.

All states affiliated with the proposed international organization—the community of states—should be required to become and remain members of the International Labor Organization and to abide by its laws and regulations.

And there are few things more important to the peace and security of the world than the close and continued cooperation of the American labor movement with the democratic labor movements of all countries.

Such, we of the American Federation of Labor are deeply convinced, are the foundations upon which a stable and enduring peace can be built, a peace that would assure to the peoples and the workers of the world a constructive, orderly epoch of social and economic progress.

We are convinced that the program we offer corresponds in full measure to the interests of all peoples, without exception. The road to progress, to the welfare of all, to the lifting of work and living standards and to the expansion and maintenance of human freedom cannot be the road of new imperialistic conquests and territorial expansion, which must inevitably provoke the fear and envy of others, and would, in the final analysis, lead inevitably to the crystallization of two hostile blocs. This, in turn, would only accentuate the race for armaments and would open a new era of unprecedented militarization.

The danger of any such development after the end of the present terrible war can be averted only by the close and honest cooperation of the great nations who will be the victors in the conflict. For with the destruction and elimination of the German military machine together with that ruling cast which, after each defeat, seeks to rebuild that machine for new wars; after the destruction of the naval and military power of Japan, after the achievement of the military objectives set at Teheran, the danger of new conflicts can arise only from within the victorious coalition. To avert that danger must be the chief and most important purpose of future policy. However, this purpose can be achieved only if the cooperation so solemnly promised in Moscow and Teheran will find expression not in mere declarations and hopes but in a real community of aims and methods.

The aim of the United Nations must be the creation of an international order based upon the principles of the Atlantic Charter and accepted by all the Allies. The method must be the method of democratic procedure; clear expression of the will of peoples, political, religious and cultural liberty, including freedom of labor organization.

We call upon all people, upon all workers in the Allied countries as well as in the countries suffering under the heel of the conquerors to join us in this program, not in lip service only but in aggressive, militant, determined action. (Applause.)

CHAIRMAN WOLL: It now becomes my pleasure to present to you the first speaker on this morning's program. I want to say that we owe a deep debt of thanks and of gratitude to the man that I am going to introduce to you for the splendid cooperation he has manifested toward your committee in preparing the plan and program that will be submitted to you officially at tomorrow evening's session and as published in the newspapers of this morning, a man who has given much of his time to the success of this work here for which we are meeting. He is Dr. James T. Shotwell, the Chairman of the National Committee on International Intellectual Cooperation of the League of Nations since 1932; the Consultant to and Chairman of the Advisory Committee of the Department of Cultural Relations of the Department of State; distinguished author and publicist; member of the International Labor Conference in 1919, serving with Samuel Gompers in the drafting of Section 13 of the Versailles Treaty; member of a number of national and international learned societies and institutes; Director of the Economic and Historical Division and Trustee of the Carnegie Endowment for International

Peace since 1924; and Chairman of the Commission to Study the Organization of Peace.

I might add a great many other titles, but I think I have indicated sufficiently his great knowledge and interest in the subject we are discussing this morning.

Friends, I present to you Dr. James T. Shotwell. (Applause.)

PROF. JAMES T. SHOTWELL: Mr. Woll, President Green, gentlemen: I am sure that we all have shared a feeling of gratitude to Mr. Woll for his statesmanlike utterances. In the background of our minds we also must have some sense of inspiration that in the greatest crisis that freedom has ever met we here, representatives of a great free democracy, can freely consider the final and ultimate questions for which men are called upon to face the supreme sacrifice at this hour.

This is, in itself, a splendid example and an inspiring one of the way in which the American way of life can work itself out and face its destiny. It is not only our privilege, it is our duty to bring to the consideration of these problems every contribution which can be helpful for the solution of our nation's destiny and for our own salvation.

Mr. Hull has time and again called upon the American public to aid in the clarification of the issues of today by bringing to the solution of these difficult questions the experience of daily life. The nation is studying these problems of today and tomorrow very differently from 1917 and 1919. In fact, there are so many plans proposed, there is so much consideration of what we ought to be doing, that the nation is rather confused with the richness of the offering. In the midst of all of this attempt at clarification we have before us here a definite, clear-cut statement of the principal matters which have to be considered in the organization of peace after the war. Our difficulty in coming to grips with the problem today is largely due to the fact that we are thinking functionally now. In Wilson's day a great scheme, architecturally magnificent, was placed before the imagination of the world. The League of Nations was a glorious concept, and let me say here and now that Woodrow Wilson's place in history will be among the most glorious of the immortals. But the world was not yet ready for this scheme of international organization which would carry out and apply those high principles set forth in Wilson's various statements and in the Covenant of the League.

The period after 1920 was a period of great disillusionment. Cynicism ran riot, with the result that almost a whole generation of young America began to disbelieve in the reality of the most real things there were. That disillusionment is a dark chapter of America's intellectual and moral history, but don't let's go back and rake up old political disputes; just take our warning from past mistakes of all kinds. There were mistakes of the idealists and mistakes of the reactionaries, all the sides—take our warning from that experience and go ahead. That is what we are attempting to do now, but we are going ahead in a different way. We are taking each problem of international life just as we have to take each problem of national life, by itself, and see how it works or how it can be worked out. It is not so clear a way of working towards the great goal of international organization. Sometimes we lose sight of the ultimate goal as we deal with the details, but it is a sounder method which we are following at the present time, the functional method dealing with dynamic forces and not just with the static element that lies in the history of nations.

Let me make this more definite. The first things which have come into operation are the following: a very general statement of principles in the Atlantic Charter before we went to war. Mr. Hull the other evening very wisely reminded us that the Atlantic Charter is no code, no clearly limited, ironbound statement inside of which we have to pit our thinking, but a set of principles and ideals toward which we aspire, nonetheless real on that account, however. The Atlantic Charter is not like the Fourteen Points, a detailed statement of things definitely ahead of us, but of policies and methods to pursue, keeping the ideal clear as we go. The United Nations' Declaration went no farther than the Atlantic Charter. Therefore, we have no constitutional blueprint for the League of Nations of the future, if you would call it that, for the United Nations. Instead, a beginning was made by calling a conference to deal with food

and agriculture down at Hot Springs, Va., a conference which was dealing with one of the less controversial elements in politics. Even when that was called there was a considerable amount of doubt as to whether we should go that far in setting up an international organization. Fortunately, it proved a great success. Food and agriculture has a scheme for working out one element of the international cooperation of the future.

Then came the United Nations Relief and Rehabilitation Administration, NNRRA, and the ILO which we will hear more about this morning, continues on its great work. None of these bodies attract appeal to popular imagination, and especially the one which was carried on so quietly that few knew about it, the effort to reach some agreement on a stabilization of currency. Knowing, therefore, that the American people became somewhat impatient, asking for more definite pictures of the world we were fighting for, we are here trying to get our own idea as straight on the fundamentals of this problem.

In the document which you have before you on the bases of a lasting peace (the first half of the documentation of this conference), the American Federation of Labor has challenged the imagination of the world—and I say that without exaggeration—by a statement which hits at the very heart of the fundamental problems of all peoples, and with clarity and definiteness as far as is permissible to unofficial bodies, not attempting to usurp the province of governments by blueprinting, the A. F. of L. has stated an ideal and a program for all thinking people to consider and, I hope, to follow.

It is not a superstate which is suggested here—anything but that. It starts with the Moscow Agreement of Secretary Hull and the foreign ministers of China, Russia, and Great Britain, that there should be a general international organization for the maintenance of peace and security. Then it proceeds to try to find out what kind of organization might be, not what it will be—none of us can say that—but what it might be, and how can it proceed definitely to accomplish its task. It is not to be a super-government. If you look through these documents that are before you you will find that the concept is that of consultation. The nations meet in consultation to consider how things should be done and send recommendations to their governments for final action. This consultative method applies to the three great areas of security, justice and welfare, or livelihood. We pause a moment at that enumeration of those three areas: Security—that is safety from the danger of war, national security in that sense; Justice in a larger sense than merely the maintenance of old accepted principles of international law, justice as a growing concept fitted to the changing situation of changing societies under the impact of modern science; and Livelihood, employment, economic justice and social welfare.

These are not new things. This trilogy is inevitable. But we ought to keep it always in mind. It is the same Sun Yat-Sen set forth for China. Nationality is his term for security. China should be a nation, and to save its sovereignty from the impact of the foreigner is China's way of saying security. Then he used the term democracy where we use justice; meaning that in the Chinese way of life, where the family is the center of society, you have a genuine democratic way of securing justice, not through formal instrument of courts so much as by the social adjustment of the citizens among themselves.

And then I have chosen here to keep the term he used for his third item—livelihood. We all know what it means. Welfare is a word that is somewhat like a coin that has been worn thin in the pocket and doesn't carry with it the full significance of a man's livelihood. So let us keep these three great divisions of international and national security, justice and livelihood clearly before us.

Security, or national safety, is the prime condition of life for men and nations. It cannot be achieved by nations in isolation or in the full panoply of war. Two world wars have already shown that no one nation is any longer strong enough by itself to insure its safety from attack. Nations which have ever desired to remain neutral suffer from the all-enveloping industry of destruction which is the nature of war today, but only the more fortunate of them can escape involvement. So long as there are nations in the world whose diplomacy is disguised blackmail backed by military threat, peace-loving nations must either yield to them or combine against them by arrangements designed, first to avert the danger, and if that fails, to meet it

with equal or greater force. The only defense which can be adequate in any major threat to peace is that of international cooperation, or collective action. This follows from the simple fact that countries devoted to the arts of peace do not maintain, and should not maintain, a strong enough military establishment to provide for their own defense when attacked off their guard by militaristic nations. Their reason for this inadequacy in the preparation for war is that if they make it their chief preoccupation they would have to militarize their whole economic life to meet the many-headed dangers of modern war. Thus in attempting to hold back war from their frontiers they would find themselves its victims, losing their prosperity by the falsification of their economy, becoming tributary to those nations upon which their war industries depend for raw materials.

There is no security in the maintenance of a peace which is only an armistice between armed and unarmed partners. This kind of international anarchy tempered by alliance breeds war from the poison of suspicion, and let me say that there are voices in the country today advocating that kind of false security. It is, or should be, evident that the only way to rid the world of international anarchy is by providing cooperative international action, and yet that great reform, the only one which can promise general security, will not be easy to bring about no matter how necessary it may be. The problems of politics are those of sentiment rather than of logic, and the military might of a nation is to most people the visible symbol of its will. As I have said elsewhere, he is a poor patriot who does not thrill at the sight and sound of marching men who are his fellow citizens enlisted in his country's service. The pageantry of peace has hitherto been weak compared with that of war, with its reminder of sacred achievement and of sacrifice.*

Behind this military establishment, as behind the natural barriers of sea and mountain, there has grown up whatever sense of security nations have possessed, always recognizing that it has been inadequate. In the past its inadequacy was made good by outrivaling one's neighbors. But with the advent of total war, armaments are no longer a specialized technique. They include every activity of the life of the nation and military strength is no longer to be measured by the size of armies and navies. The increased capacity for destruction is now brought home not only to governments but to the people themselves by the development of air power, a last great step in the evolution of war which makes isolation no longer possible. Nowhere in any country, including the United States, can the individual be wholly safe when militarist nations are permitted to plot against the peace of the world. Pearl Harbor made this clear. The only real solution for the problem of security is to erect a quarantine against aggression by cooperative agreement between peace-loving nations.

Now I pause a moment over that "quarantine" which I purposely used to note that its use by President Roosevelt in a speech some years ago created only apprehension in the minds of those who did not believe in the possibility of a second World War. So vocal was the reaction against the warning note of the President—that was in a Chicago speech some years ago—that the Administration came to the conclusion that the isolationist sentiment was then so strong as to make such preventive measure impossible or allow only such as would be too slight to be effective. The argument for the so-called neutrality legislation of 1937 was much the same as that which kept us out of the League of Nations. It was claimed that to join in any measures of war prevention by anything resembling deterrent action against law-breaking nations would merely imperil our safety by assuming unnecessary risks. This is not an argument to be lightly dismissed. There is something in it, of course. Nevertheless, the whole history of politics has shown that law and order can be maintained only by having more reserve force in support of government than can be brought against it, that is, in support of law and order. Fortunately, the application of this great truth to international affairs is now being seen by the American people. But they are anxious, and properly so, not to be drawn into plans for war prevention which carry us too far afield. We have no desire to be policemen in the far corners of the world and will accept the obligation to enforce peace only under conditions which afford us a full opportunity to

* The text here follows, that of the volume, *The Great Decision* (Macmillans, New York, 1941).

decide when and where and how much we should contribute along with other nations.

The problem that confronts us now is, therefore, not whether we are willing to cooperate in war prevention but how we can do so without an undue surrender of national sovereignty. Just what this solution will ultimately be as develops in the long future is not for any of us to know. We are dealing here with plans for the world as it exists today. The parallel of the way in which the national state established peace within its borders should not be pushed too far. The world is not yet ready with a superstate, with a world government speaking in terms of authority to nations of different creeds, political development, and widely varying cultures, each of which treasures its independence with equal zeal. Nevertheless, the history of the national state, especially our own, offers a definite clue to the solution of their fundamental problem of the preservation of national sovereignty in an international association of nations. It is the provision for safeguarding the freedom of the individual against even the possible tyranny of the very government which provides law and order for his protection. Our own Constitution has been full of that. The nations associated for the prevention of war could have their Magna Charta of their Bill of Rights for each one, reserving his sphere of liberty, each for itself, as did the barons who laid the foundation for a limited monarchy in England and the champions of freedom there against the Stuart Kings in the seventeenth century, or the founding fathers of the American Constitution which built upon these foundations a federal system with provisions against undue prerogatives of every government, local as well as centered. The national state is strengthened rather than weakened by providing for the liberty of the citizens.

I want to apply that analogy to the nations, one against the other, that liberty was only freedom under the law. Similarly the freedom of nations within the framework of their political association would be freedom only to pursue such policies as do not conflict with the vital interests of other nations. Thus the central problem of all that, of sovereignty, would find its solution along the lines of federalism. Our own national history, which not only offers the negative safeguarding of liberty against tyranny but provides for it positively in the varying degrees of participation in government, so that every citizen in every community has a chance to express his opinion and share in those institutions which most especially affect his own life. That fundamental principle of the American Constitution, the division of the powers of government, has a much wider application than is commonly realized. It is not just the balancing of legislative, executive, and judicial powers, important as that device has proved. It includes as well other devices by which communities preserve their liberties against the central power in a democratic, central system. Federalism is designed to adjust the responsibilities in the way that most fully preserve the citizens' liberty itself. It is essentially a democratic process, and therefore is ready for use to build and apply in our thinking about the association of nations in the world to come. I don't mean in the world to come, the world we are living in!

Turning from these general, if fundamental, issues to the detailed examination of the procedure to be followed by the United Nations, we come at once upon the need for international arrangements which can be relied upon in time of crisis, because it is always dangerous to interfere between belligerents after a war has started. Provision must be made to arrange for friendly acts before the war begins. The need for speedy action in such case of threat is imperative, and the only way to provide for this is to have a political body capable not only of offering good services but of taking immediate action if necessary. The creation of such a body would provide against future crisis in proportion as it succeeded in averting disputes and providing for the basis of continuing peace. The history of two world wars has shown that the strategy of peace must be as rapid as that of war. When the deadly time table of the general staff supplants the processes of diplomacy, the outbreak of war becomes almost inevitable, but if it is known that there is an immediate plan of action which will halt automatically, be carried out against an aggressor, even a powerful nation will pause before using war as an instrument of policy. The arrangements must be definite and strong enough for nations to rely upon.

But while it is recognized that they must be speedy and effective, it is not necessary that all nations should equally join in them. The responsibility should be varied according to the interest which each nation has in preventing any particular threat to the peace of nations and according to its power to meet the emergency. The application of this principle implies greater responsibility upon the part of the great powers than upon the smaller ones, whether the police action is exercised universally or regionally.

Political security is therefore a process. It begins with the prevention of war by international action, lessens the temptation to resort to it by measures such as those of disarmament. It remains inadequate, however, unless the individual's alternatives for war are designed to prevent disputes from becoming too embittered as to endanger the peace of nations. In the last analysis peace can be maintained only under a regime which safeguards justice and a respect for human rights. These are almost literally the words of Samuel Gompers, which he put into the preamble of the constitution of the ILO, "Permanent peace rests upon social justice." (Applause.)

CHAIRMAN WOLL: Thank you, Dr. Shotwell, for your splendid presentation and for your additional contribution to the success of our meeting.

The next speaker I wish to present is a native of Australia. He was formerly the Secretary of the Institute of Pacific Relations. Later he was with the Economic Intelligence Service of the League of Nations. He has been in this country in recent years and active in the work of the Commission to Study the Organization of Peace, and is now on the faculty of Yale University.

Friends, I present to you Dr. J. B. Condliffe, of Yale University. (Applause.)

DR. J. B. CONDLIFFE: Mr. Green, Mr. Woll, Ladies and Gentlemen: Whenever I am introduced as a native of Australia I am reminded of the old story of the lady whose daughter went to Australia and married an Australian and who later went to the zoo and saw a kangaroo labeled, "A native of Australia." When she read this sign the lady fainted and when they brought her to she said, "To think that my daughter married one of them." (Laughter.)

The subject that I have been given today is clearly defined and I intend to try not only to keep within the subject but to keep within the time, otherwise you may have to choose between hearing my old friend and colleague, Mr. Phelan, and going without your lunch.

The subject which President Green and Mr. Woll put before me was "The Bases of World Prosperity." I have too much respect for this audience to try to paint to you a kind of romantic picture of what could be done with the scientific knowledge that we have if we could organize a world sensibly and fully employed, with settled governments, at peace and fully cooperative immediately the war ends.

All the morning as I have been thinking over what I could say pictures came to my mind called up by letters from our own boys overseas which describe the disillusionment, the exhaustion, the frustration and the destruction which they are already encountering where our enemy has carried through his policy of calculated destruction.

I think of the scorched earth that will meet those in Russia who try to rebuild the dams and the factories and restock the collective farms when they are taken, and so I could go on, to the people in China facing invasion, and those in that little island which is said to have sunk six inches since the American force first landed on the Island of Great Britain. All of these people really depend very much upon us facing our questions here in the United States in a realistic and common sense manner with our eyes open.

The only service that I can give is to try to draw your attention as clearly and simply and emphatically as I can to some of the difficulties that must be faced and some of the ways in which we may perhaps overcome these difficulties in order to get a secure basis for world prosperity.

This doesn't mean that I wouldn't like to talk about an ex-

panding world of economic opportunity. I am convinced that when we rebuild we must set our sights higher than they were before this war, but it is not much use rebuilding a flimsy kind of temporary structure without any solid foundations.

The first foundation upon which we have to build has already been dealt with by Dr. Shotwell therefore I can dismiss it quite briefly. We have to be clear that even though there is for a time during the war period, and perhaps just afterwards, booming prosperity, at least in appearance. War is for the working people above all an economic calamity and the fear of war and the preparation for war is the worst of all our problems when we come to try to organize policies of social welfare, and to raise standards of living, and to give people the opportunities for a decent life.

These negative hindrances are in our way: the fact that we cannot expect governments to organize policies of trustful co-operation with other governments; the fact that we cannot open up the resources of the earth to the use of the earth's people; that you have to conserve your resources for fear of defense. These make the problem of war the first sight for any organized labor movement.

I believe that the attention given to this; the contribution which is being made; that magnificent statement which frames Mr. Woll's portrait in the *New York Times* this morning, is going to be an historic document. You will find that statement reproduced in textbooks, in every discussion of the organization of the world for a generation, and maybe much longer, to come.

I have already spoken briefly of the extent to which material destruction is going on in some of the communities that have suffered the direct effects of war. This destruction is greater, much greater than of any previous war partly because the efficiency of government is now greater and partly because it is a calculated policy. When our troops occupy a town like Naples they find a place in which all the vital organizations are so destroyed that you have to patch up improvised machinery for the town to live at all. This has been done systematically on a very wide scale and it will be wider.

But what is more important even than that, the efficiency of government enables resistance to be prolonged until the cupboard is more bare, until the people have sunk to depths of suffering and hardship greater than we have known before and this is perhaps our worst and most serious difficulty. We find hungry and sick and disillusioned and bewildered and disheartened people.

It is very difficult to organize central government to begin energetic production, to get the wheels of industry moving again after this demoralization has proceeded, as it is proceeding in so many countries. Moreover people lose faith in government, in the particular form of government they have had. They lose faith in all symbols of social cooperation and this means that you are likely to get behavior which is difficult to stem.

You must have noticed, and I am sure you realize the significance of the fact, that there is already beginning a flight from the currencies, therefore black markets, but what is more important because more tragic and perhaps more foolish, is that people in many countries prefer to take the yellow metal, gold, rather than keep American dollars or any other currency. We are losing gold. It is going back again to the vaults and this is a sure sign that people have lost faith in the credit system and in our ability to keep it stable.

Therefore, I suggest to you that what we are faced with is a cruel dilemma. We have the knowledge. Our scientists can work miracles not only in the chemical laboratory but in actual industrial production. We could utilize new scientific discoveries to advance our standards of living. We could stabilize the currency. We could guide international investment for the mutual enrichment both of the creditor and the debtor countries. The technique is not too different. An expanding world economy is technically feasible.

My economic colleagues later on in this discussion will argue this, I am sure, very convincingly.

But what I am suggesting to you now is that the problem is primarily a political problem, a problem of human behavior. Can we persuade the people to do, can we get them to behave in such a way as to make use of his technical knowledge? Therefore, I raise one or two suggestions in this regard.

The first point which needs, I think, to be stressed is that

economic activity in any country is never static and therefore is not a matter for calculation and the casting up of a balance sheet. If there is one important notion in regard to economic life it is that economic activity consists of a continuous flow of goods and services and to keep this flow moving, to have people making things which can be used in the manufacture of other things; the consumption by the people whose wages are adequate to consume them; to keep the wheels of industry meshing in as the wheels of a watch smoothly and efficiently. This demands that the prices and the costs of goods be kept in adjustment.

Now, in the process of reconverting back from war production to peace production there is great need for a period of control, during which the transition can be made not in a single formula, not in one over-all plan but by an immense series of decisions, so that we shift over from the kind of production necessary for war to the very different and very much more diverse forms of peace production.

It is very much easier to call men out of industry into the army. You can mobilize men by battalions, but when you demobilize them you must fit them into industry as individuals, and this is true of the manufacture of goods. It will mean adjustment of prices, costs of all kinds which can never be solved simply and easily but must take place in a transitional period.

Therefore, I urge that we should remember that this economic war started before the shooting war began. We cannot go back to an economy of peace immediately the shooting war stops, any more than an athlete who has summoned up all his energies for a sprint can stop dead when he presses the tape. He must unwind. And in this period if there are adequate controls we may prevent such a disruption of the price system as would inevitably rebound worse upon the working people of the population.

The only other major point that I want to stress is that we have the machinery, if we care to use it, in national life, but we do not have the machinery in international affairs to operate a transition period, a period of control and de-control.

I occasionally hear suggestions that the currencies, the national currencies, should be left to find their own levels, that we should iron out the difficulties here in America before we stabilize the dollar. A currency has no level except measured in the value of another currency. There is, therefore, no method of getting stable currencies except by international action, but we have no international machinery to do this.

Now the same argument can be applied to every aspect of economic life which cuts across national boundaries, trade and investment. Let me remind you that in the period before this war we tried again what they tried in the 19th century. We relied upon the invisible hand of competition, upon a kind of automatic regulation of the market. In fact, we allowed foreign investment or capital to run anywhere as it was wanted and as the rate of interest tempted it.

But this invisible hand which always was invisible now seems to have become paralyzed. We cannot any longer rely upon automatic reactions in the economic system.

Then what do we have? Perhaps you will pardon me if I tell you one story that happened about twelve years ago in Europe. A great international banker came to see me. He said to me, "You have been in Europe now to the League of Nations for a year. What do you think is the real reason why this depression has become so serious and spread from Austria to Germany and now to England and will certainly come to the United States?"

I said to him, "I think you bankers lent these people in Europe too much money." He hesitated for a while and then he said to me slowly and deliberately, "I suppose you are right, but I made many of these loans myself and every loan I made was sound at the time and under the circumstances in which I made it and how was I to know that with all the other loans being made the aggregate would be such that even the best loans would become unsound?" There wasn't any information, there was no registration, there was no attempt to coordinate with a plan and get out of bounds.

I could go on giving you these illustrations.

We hear a great deal of this world cartel. A cartel is an international agreement between two or more great manufacturing and selling enterprises. How can one government check

AMERICAN FEDERATION OF LABOR POST-WAR FORUM

effectively the abuses that grow out of such agreements? Of course they must be checked by national action, but if one government is to penalize the new types of development in its country while other governments encourage these industries in other countries, how can you get an effective solution of this problem?

This illustration alone, I believe, is sufficient to argue my case that we need an international organization to plan, to regulate and control those parts of the economic activities across national boundaries.

I am not going to say any more about the kinds of organization that are necessary.

In the field of labor and social justice you will next hear Mr. Phelan who has unparalleled experience in this field. I would just like to say two things:

First, that nothing in the field of social welfare can ever be as effective as the encouragement of active and responsible labor organizations in countries all over the world, particularly where they are now weak, and through the International Labor Organization, which is perhaps one of the finest instruments ever devised. I am not sure that this won't be its greatest service to the world, the support and the encouragement and help that it has given to the organization of a free labor movement on a world-wide scale. If the I.L.O. has been successful, as we know it has, what I am suggesting to you is that we need complementary and parallel organizations of this kind in agriculture; in industry; for the stabilization of the currency; for the regulation of economic intercourse between nations, as well as in health and fields of social welfare.

We need this because we have to put some kind of regulating mechanism into the economic relations between the people of the world.

I spoke of a watch having wheels that gear into each other, but a watch has a balance wheel also and if we don't have a balance wheel in the economic system the wheels will not run smoothly.

Nationally the control is inevitably vested in the credit system and its relation to prices. The gold standard used to work in this way internationally. It doesn't work that way any more and for world prosperity we must have more definitely organized means of meshing the international economic systems together.

The final point I want to make is a very obvious and simple one. There are, in my judgment, no international questions except those which arise from the intersection of national activities and national policies. One of the greatest defects of the academic profession has been to create a discussion of international relations as if it occurred in a vacuum. Actually the important development is always within the sphere of national policy, and it is the clashing of national policies that create international questions.

Therefore, I am not impressed by the argument, which I accept and emphasize, that the most important post-war problem is to provide employment and stability and social security within each country. Of course it is. It always has been and it always will be. Moreover, this is such an important country, accounting for nearly half the world's manufacturing activity, that national prosperity here is the greatest and most obvious contribution that the United States can make to the welfare of the world. You can demonstrate quite easily that international trade goes up and down with the course of the business cycle in America.

The most important thing we have to do from an international, as well as from a national point of view is to see not only that our people have jobs but that the jobs are such that we can have a stable and expanding prosperity here in the United States. If we don't do that then we might as well not try any international action.

But, of course, the reverse is equally true. We ought to know by now that if you cannot have a prosperous world unless the United States is prosperous, the reverse is equally true. You cannot have a prosperous United States except in a reasonably prosperous world, and this is not only because of the actual competitive interaction of exports and capital movements, but also because of a more subtle factor. There are psychological and political and crediting influences transmitted from one economy to another.

You only have to watch the swinging of the business cycle to know that no country can isolate itself from these movements, therefore, the time has gone by when we can think of national and international policy as two different things. If we work at our national problems, having regard to their effects upon other people as well as to ourselves, we shall find not only the best national solution but the best international solution as well.

Let me sum up by one brief statement: I cannot believe that there is any formula, any plan, any policy that you can now set down in black and white which will solve all the multifarious and intricate difficulties with which we shall be faced. We don't even know what kind of problems we shall be faced with, but we do know that unless we now organize mechanisms in which we can have our say to cope with these problems as they arise, we certainly are going to be submerged in the period of economic chaos and disorder.

So I suggest, also, it isn't enough to think of this just for ourselves. We have to tie and coordinate our thinking and our action with those of other people, otherwise we get in the position of the novelist in describing the boat's crew. I don't know how many of you remember this old chestnut when the lady novelist described the boat's crew, which was going along racing hot and hard, "that all rowed fast, but stroke rowed fastest."

We are likely to get into that position internationally and if we do there will be confusion and chaos, price competition, export competition, credit disorder and finally a great depression.

What I have been trying to urge is the necessity for cooperative effort, properly organized and sustained over a long period of time, such as you can get only by the kind of functional mechanism that has worked so well in the I.L.O. and could work in the other fields.

But indeed, I think I need not push this any more. Labor of all groups in the community knows that its strength depends entirely upon organization and collective bargaining. If we were to rely upon world magic for a solution of our labor problems you would not get far. We rely upon organization, and perhaps, off the record, if I may make a parting shot, if Mr. Willkie had done that he would be a luckier man. (Laughter and applause.)

CHAIRMAN WOLL: Thank you, Dr. Condliffe.

The next speaker is an old friend of ours and well known to the American Federation of Labor. He has been the Acting Director of the International Labor Office since February 15, 1941. He entered the British Civil Service on leaving Liverpool University, in England, and later served on several diplomatic missions. He collaborated in the drafting of the I.L.O. Constitution. He was responsible, along with Mr. Butler, for the organization of the first I.L.O. Conference, held in Washington in 1919. He was appointed chief of the diplomatic division of the I.L.O. by Albert Thomas, who was the first Director, and was closely associated with Mr. Thomas until his death in 1932. Mr. Phelan became Deputy Director in 1938 and later Director. He has traveled widely in Europe and in Asia. He is the author of several books, including "Yes and Albert Thomas" and "Unemployment as an International Problem."

I have pleasure in presenting to you Dr. Edward J. Phelan. (Applause.)

DR. EDWARD J. PHELAN: Chairman Woll, President Green and Ladies and Gentlemen: I would like, first of all, to thank you, Chairman Woll, for having invited me to address this meeting this morning. I do so under two handicaps. The first is that it was only when I was riding up in the train from Philadelphia about an hour ago that I had the opportunity of reading the magnificent report which you are assembled to discuss. That is a handicap because that report dealt with the subject, on which I am expected to address you this morning, so well and so conclusively that there is little left for me to do than to make some detailed comments. Before I do that I would like to congratulate you, Chairman Woll, and those who worked with you on the preparation of that remarkable document.

It sets out in a logical and cogent form not only the problems which the world will have to face when the shooting stops, but it sets out also with remarkable clarity the solutions which I think the world would be well advised to follow, and it contains passages of high and convincing eloquence which will, as Professor Condiliffe said a few moments ago, surely find wide quotation in all subsequent discussion.

I have been asked to talk to you about one aspect of this peace settlement of this post-war reconstruction and that is, "International Cooperation and Social Justice," and there I face my second handicap because it was my intention to appeal to history. Someone once said that "a page of history was worth a volume of argument," and my second handicap is that the history to which I intended to refer began at the last Peace Conference twenty-five years ago and I find that you have here with you or will have with you this evening and tomorrow people who were at that Peace Conference and who therefore can speak with great authority on the very points which I wish to raise.

The first of them was President William Green. The second was Professor Shotwell, who talked to you a little while ago, and this evening I believe you will have Mr. Harold Butler, one of the British Ministers in Washington who was my chief in Paris at that time. Therefore, speaking in the presence of those authorities I must be a little cautious, but I think that none of them will dispute what I want to say.

Twenty-five years ago the Labor Commission to the Peace Conference, meeting in Paris under the chairmanship of Samuel Gompers, drew up the constitution of the International Labor Organization.

The preamble to that constitution indicated the fundamental principle upon which the commission based its work; namely, that "lasting peace cannot be established unless it is based upon social justice."

The constitution became part of the Treaty of Versailles and the other peace treaties drawn up at the same time, and different parties to those treaties thereby gave their official approval to the principle just enunciated.

The Organization, whose constitution was brought into being in this way, functioned during the 20 years of the inter-war period with what has been generally admitted a very considerable measure of success. Few would deny that the decisions taken at its annual conferences, which together are now frequently referred to as the International Labor Code, have greatly advanced the cause of social progress throughout the world. The continued collaboration of governments, workers and employers in the International Labor Organization is in itself a proof that international machinery for the consideration of concerted action in social problems meets a real need and may be regarded as an essential feature of any attempt to secure that general collaboration between nations without which we cannot hope to secure an orderly and peaceful world.

This conclusion is in fact now more widely and authoritatively accepted than ever before. It is accepted by statesmen of all countries and by public opinion everywhere, and is given a predominant place in all thinking, both national and international, concerning post-war problems.

Article V of the Atlantic Charter, later accepted by all the United Nations, states the desire "to bring about the fullest collaboration between all nations in the economic field with the object of securing for all improved labor standards, economic advancement and social security." The same principle has been enunciated in different forms by different authorities. But whatever the form, the underlying thought is the same; namely, that lasting peace can only be founded on social justice.

It is, of course, argued that progress along the road of social justice cannot be made unless nations can live in a world in which they are safe from external aggression. We know now that this is a false priority. We know that political security, economic security and social security are different aspects of a single fundamental security which is indivisible and to which the active pursuit of social justice is the key.

The experience of the present war has served to clarify and crystallize our thinking in this respect. Political security will not be guaranteed in the long run by any pacts or agreements unless the free democratic nations are strong enough to make it

certain that such pacts or agreements cannot be violated with impunity. In the final analysis that strength resides in the people. Modern warfare is no longer a struggle only between the armed forces of the contending parties: the production line is an essential complement of the firing line—sometimes one is indistinguishable from the other when factories become the target of the enemy bombs; the risks run by merchant seamen are as great as those encountered by the men of the Navy and casualties are as heavy.

As Ernest Bevin has said, "This is a people's war and it must be followed by a people's peace." It is indeed clear that no other kind of peace is likely to endure. What do men and women expect a people's peace should secure for them? The answer to that question, however differently it may be phrased, can easily be set out both negatively and positively. Such a peace must prevent mass unemployment. The time has gone forever when men and women able and anxious to work are to find that no one has any use for men's services, that they are economic outcasts whom the community will perhaps not allow to starve but who otherwise are condemned to a hopeless and aimless inactivity and to the frustration of all men's legitimate hopes and ambitions. It will not be regarded as sufficient that the public authority should provide them with some kind of minimum subsistence allowance or shepherd them into relief works in an unsuccessful attempt to disguise their unwantedness. What they expect, and will indeed demand, is indeed the very opposite. They want to be wanted. They want to feel that they have a real place in the community and a real and acceptable contribution to make to its general productiveness and prosperity. They want, in short, a position of dignity and not of degradation, and they want, too, to be able to feel that the road of opportunity is open to them and that they can aspire to such heights as their abilities justify and open still better prospects for their children.

This is today the concept of social justice held by millions. How can it be realized and what part can international collaboration play in making it possible? An attempt to state it more fully has been made in one of the reports submitted to the forthcoming International Labor Conference in the following terms:

The maintenance of full employment and the raising of standards of living.

The employment of workers in the occupations in which they can have the satisfaction of giving the fullest measure of their skill and attainments and make their greatest contribution to the common well-being and, as a means to the attainment of this end, the provision under adequate guarantees for all concerned of facilities for training and the transfer of labor, including migration for employment and settlement.

The application of policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and the assurance of a minimum living wage to all in need of such protection.

The effective recognition of the right of collective bargaining, the cooperation of management and Labor in the continuous improvement of productive efficiency, and the collaboration of workers and employers in the initiation and application of social and economic measures.

The extension to the whole population of social security measures providing a basic income in case of inability to work or to obtain work, and providing comprehensive medical care;

The provision of adequate protection for the life and health of workers in all occupations.

Provision for child welfare and maternity protection, and the provision of adequate nutrition, housing and facilities for recreation and culture.

The assurance of equality of educational and vocational opportunity.

How far can such a program be realized and what part can international collaboration play in making it possible?

The objective is easy to define in even greater detail. What must be done to achieve it is necessarily more complex.

In the first place both social and economic measures are necessary; and in the second place, both categories of measures must be taken, both nationally and internationally.

International action alone will not suffice. Each country, and indeed each industry within each country, must plan the

measures which it should take in terms of its own conditions, problems, traditions and methods. There can be no single plan, no magic formula applicable to countries with different political and industrial histories and different relations between government and industry though certain general principles can perhaps be laid down for their guidance.

But however effective national action may be, there must be international action also. The world cannot hope to be peaceful if it is half poverty-stricken and half prosperous. There must be a concerted effort to secure that all countries set out to achieve the same objective and mutually aid one another in their progress. The principle laid down in Paris in 1919 still holds good—"The failure of any nation to adopt humane conditions of labor is an obstacle in the way of other nations which desire to improve the conditions in their own countries."

And lastly, there must be a whole series of international measures to provide that general framework of economic order without which national economic measures would fail of their effect. The United Nations Relief and Rehabilitation Administration has already been set up; the constitution of a World Food and Agricultural Agency is being examined by governments; plans for machinery for the stabilization of currencies are under consideration; a plan for an international development bank has been drawn up; and other international arrangements concerning the expansion of trade, air transport, and other subjects of international interest are envisaged or are almost certain to become matters for international discussion.

It is all these arrangements or agreements taken together which will constitute the peace settlement, and be more important in determining whether the peace shall provide what the peoples demand of it, rather than the peace treaty or treaties which will make the technical change from a state of war to a state of peace. All of them must, therefore, be inspired by this common social objective so that they will contribute to its achievement.

The war has made possible a tremendous advance in social progress, but it provides no simple or easy path by which that advance can be made. The difficulties may be great but they cannot be evaded. We have, indeed, no choice when we think of what would be the inevitable cost of failure, but if the difficulties are formidable our assets are equally great. First of all, we do know definitely what we wish to achieve. Secondly, we realize as never before what miracles can be performed by man's intelligence and powers of organization. There is no reason why a fuller and broader utilization of the world's resources should not be successfully achieved, and therefore no reason why concerted international action through the International Labor Organization and other appropriate bodies, accompanied by simultaneous and complementary national action, should not enable us to secure for mankind all the benefits which men and women hope for from a people's peace. (Applause.)

CHAIRMAN WOLL: Thank you, Mr. Phelan. I am going to ask the members here to kindly bear with us. We were a little late in starting and we have just two of our own labor fellows to speak to you, so if you will bear with us for 20 or 25 minutes we can then go out and get something to eat. Please remain until then.

I now have the pleasure of presenting to you one of our best-known labor speakers, Mr. David Dubinsky, of the International Ladies Garment Workers' Union. (Applause.)

MR. DAVID DUBINSKY: Chairman Woll, President Green and Friends: I believe I am in a more advantageous position than the previous speakers. They have to pay the price for being distinguished speakers, therefore, the topics were assigned to them. I am a free lancer. I was given no topic. All that I was given was the limitation of time and I shall adhere to it.

(Applause.)

We in the American labor movement have traditionally maintained a strong sympathy for minorities and small nations. In the open declarations of policy and in our public acts, we have invariably followed out the theory of equal rights and privileges for groups of all races, creeds and nationalities. This may be due to the fact that our labor movement, as the economic organi-

zation of all wage earners, organically draws no line between creeds and nationalities, and it may have been influenced by the fact that as part of America itself we are historically bound up with the philosophy of equality of all men.

This outlook and this philosophy of the labor movement is not exclusively American. From their very inceptions, the labor movements of all countries, with very few exceptions, have adhered in thought and practice to the principle that small nations have an inherent right to independence and cultural freedom within the frame of international teamwork. Our international federations of trade unions in various crafts and industries were set up as models of such world-wide organizations within which major economic and social problems were to be deliberated upon and legislated.

It is due to this social philosophy that our trade union leaders welcomed with such faith and enthusiasm the Wilsonian doctrine of self-determination of nations, large and small, and why Samuel Gompers and his associates of that day laid such great store by it. If this doctrine and the international institutions which emerged at the end of the first World War failed, with the result that we have a second World War, it surely was not the fault of the labor movement.

When, therefore, President Roosevelt and Prime Minister Churchill met on a battleship in the Mid-Atlantic in August, 1941, and gave the world the Atlantic Charter, Labor throughout the world felt that the war had become over night something far greater than one of defense against the menace of Nazi aggression. Labor feels that this war is a crusade for a better kind of a world, the world we have always believed in. Labor, therefore, hailed the Atlantic Charter with enthusiasm.

During the following two years, that enthusiasm suffered a decline as we saw with disappointment that the promises of the Atlantic Charter were not being implemented into reality. Then came the Moscow meeting of the foreign secretaries of Russia, Britain and the United States, when Labor's hopes were again renewed. As you will recall, the Moscow Conference pledged the Three Powers to form a general international organization for the preservation of peace after the war. The conference also stated that pending its formation, they would immediately set up machinery for consultation on all subjects of mutual concern. They also specified that they would call in the smaller nations whenever issues which concerned them would have to be decided.

Later, came the meeting of Churchill, Roosevelt and Stalin at Teheran and everybody expected that out of that meeting would come the announcement of a step in the direction of creating such an international organization promised at Moscow. Unfortunately, the announcement issued after the Teheran Conference said almost nothing about the organization of peace after the war.

Since that time, we have come to realize that, instead of moving to create a general international organization to maintain peace after the war, we are face to face with policies designed to establish spheres of influence in which the great and powerful nations can dominate militarily and politically.

Secretary Hull's interpretation of the Atlantic Charter given only a few days ago, while it was received with general favor and has aroused hopes, does not contain enough assurance that our own disinterested policy as a member of the United Nations can prevail against facts accomplished today while the common struggle against the Axis enemies is still on. Our Secretary of State said: "The Atlantic Charter is only an expression of fundamental objectives. It points the direction in which solutions are to be sought; it does not give solutions."

Does that mean that we are ready to drop the Atlantic Charter, the promises of the Moscow Conference, and the hopes that we entertained from the Teheran meeting? Does that mean that the policy of power, the policy of spheres of influence, the policy which permits a few gigantic empires to absorb the smaller nations on the ground of "strategic security" is to prevail at the end of this world war? Does it mean that the vision of a better organized world that Labor saw when the Atlantic Charter was proclaimed is to be abandoned? Does it mean that we are still adrift with regard to peace planning and peace organization? Or does that mean that after having won the war we are still likely to lose the peace?

There is one very important thing to bear in mind in attempting to answer these questions. The swallowing up of the smaller

nations will not come by the consent of these small nations themselves. It could only be accomplished by force, against the will of the peoples concerned. The Nazis tried to accomplish this by the most brutal force, with what results? They could not organize Europe on the basis of swallowing up the smaller nations. It means further that within the great empires that will absorb the smaller nations by force there will arise rebellions and insurrections against the dictatorships that will be imposed upon them. There will be no room left for democracy, no room for liberty, no room for national freedom.

What will inevitably follow is rivalry, jealousy and conflict between the big empires, each of them desiring still greater spheres of influence, wider domination over the smaller national units on the various continents. This would, indeed, be a sad prospect, a sad conclusion to all the bloody sacrifices of this war, for such an outcome would present almost unavoidable dangers of a third world war.

American Labor, the millions organized in the greatest sector of our national community, does not welcome such a tragic prospect. American Labor is fearful of the prospect of great empires controlling spheres of influence after the war because it is convinced that this will never lead to permanent peace and stability. An unstable world and an unstable Europe mean that the working masses the world over will never be able to form stable organizations to defend their standards of living. An unstable world means the continuous breakdown of labor organization, it means misery and degradation for the wage earners everywhere, including our own country.

Poland is a case in point; Poland is a testing ground. Poland was the first of the United Nations to resist Nazi aggression. She fought bravely against the Nazis more than four and a half years ago and she is still fighting bravely today, both on the battlefield and underground.

The Atlantic Charter promised Poland that she would not be the victim of any territorial mistreatment by any of her neighbors after the war. It assured her that she alone—her people alone—would decide what kind of a government they wanted to live under. Today, Poland is faced with the probability that—whether her people like it or not—a sizeable part of her territory will be taken away from her by the Soviets. What is even worse, the promise is now made to her that she will be “compensated” by a large slice of Eastern Germany. That means that Poland, or what remains of her, will become a center of constant and bitter struggle after the war, a football which other nations so inclined will be able to toss around to achieve certain political objectives.

We hold no brief for the former governments of Poland. Many of their former rulers were blind reactionaries who persecuted minorities and who denied the millions of Jews, Lithuanians and White Russians in Poland equal rights and opportunities with other sections of the Polish population. It would be stark blindness, however, to deny that the Government in Exile of Poland, representing as it does a cross-section of Poland itself, is composed of a majority of sincere democrats, many of them well-known leaders of the labor movement. Regardless of what one may think of the Polish Government today, or even of the anti-Semitic generals, there is one principle to which we must adhere—that the Poles and ONLY the Poles must decide the personnel of their cabinets or ruling administration. We cannot deny to Poland as she is bravely struggling on our side in this great war for human rights, the same rights we accord ourselves and Great Britain though very few will defend British policy in India or British treatment of the Palestinian problem.

Next week, if I may be permitted to bring it to your attention, marks an anniversary of a stark tragedy which has befallen the Jewish masses in Eastern Europe. Out of the continued massacre of millions of innocent Jewish men, women and children by the Nazi demons in every part of Europe under Hitler domination, the Battle of the Warsaw Ghetto, which occurred on April 19, last, stands forth as a timeless monument to the desperate courage of thousands who in the face of hopeless odds chose to die as men rather than to be slaughtered as cattle by their merciless executioners. The voice of the martyrs who died as heroes in the barricaded houses of the Warsaw Ghetto calls for a reckoning from the fiends who deliberately ordered the extermination of an entire people. The civilized world must not, will not forget this titanic butchery.

While at this point, I believe that I express the undivided opinion of the labor movement of our country without regard to affiliation when I say that the obstinate refusal on the part of Britain to lift the immigration bars in Palestine in this greatest period of tragedy in Jewish history, is an act that stuns the imagination and freezes the heart. It means death for countless thousands of Jewish people seeking escape from Hitler's charnel houses and gas chambers in his bloody domain.

It is my conviction that the American labor movement with the exception of a tiny minority who follow blindly the totalitarian angle, will stand together with the other free labor movements in Allied nations in defense of the Atlantic Charter. By that I mean NOT the interpretation of the Atlantic Charter to accommodate and to appease certain elements in Britain as well as the “realists” in Soviet Russia.

No one will honestly charge the American trade unionists with enmity or jealousy towards Soviet Russia; no American trade unionist can honestly underrate the magnificent role of the Russian people and its armies in the common war we are waging on Nazism and its barbarities. But if it is “realism” that we must practice, let us keep our eyes open as realists of the situation. There is today an unfortunate and dangerous tendency to confuse ruthlessness with “realism.” We shall not be fooled by those who pay lip service to unity but in reality hunger for power and domination of other peoples; by those who profess to believe in national rights and freedom for all small nations, but in reality follow the policies of narrow national interests and world power.

We of the labor movement who hailed the Atlantic Charter and the Four Freedoms do not wish to see them emasculated and watered down to a point that neither friend nor enemy will be able to recognize their force and meaning. As a great democracy our strength in war and peace does not lie in appeasement—this we have learned from bitter experience in the past half dozen years. Rather is our strength in the force of principles which underlie decisions; rather is our strength in the confidence and faith which the world may have in America as a land that believes in what it promises, and acts accordingly.

We of the labor movement are for REAL democracy and REAL freedom. That's why we stand by the Atlantic Charter for ALL and EVERY people on the face of the globe. That's why we demand that it shall not be treated as a scrap of paper. and tend to even more ghastly conflagrations tomorrow. (Applause.)

CHAIRMAN WOLL: I have the pleasure now of presenting one other speaker, after which we will adjourn for the afternoon session, and the speaker has been the delegate to the International Labor Organization, representing Labor of America. We are hopeful of course, that he may be continued as the delegate representing Labor at the coming conference of the I.L.O. He is also a member of the governing board of the I.L.O.

I take great pleasure in presenting to you our Bobby Watt. (Applause.)

MR. ROBERT J. WATT: Mr. Chairman, President Green, Secretary Meany, Distinguished Guests, Friends: I realize how long you have been sitting here this morning and I promise you now that I will be much briefer than I usually am in discussing this very big question which has been so ably dealt with by the speakers on this morning's program.

Following discussions of National Security, Bases of World Prosperity and International Cooperation, I think my brief remarks on world organization must, of necessity bridge those three important topics. I believe that world organization is the only route which will assure our reaching any one of those three goals and I believe that we can achieve any one of those three goals only by accomplishing all three.

History has a way of repeating itself. Those who think that the tides of history can be stopped by dictum are as foolhardy as those who believe they can be avoided by evasion. Defeatist or fatalistic attitudes are equally disastrous.

The test of civilization is the ability of mankind to learn from past mistakes and from past successes and to use the tidal

forces to carry us further in the direction we want to achieve. We have but three directions in which go—forward, backward, or down under to oblivion.

Our economic civilization has moved during the past 150 years into a condition of extreme specialization in which either tremendous progress or utter chaos is possible. The self-sufficient individual is nearly extinct. In his place has come the specialist who performs jobs and who exchanges his services for the goods and services of other specialists.

The well being of each is dependent on the well being of others. The well being of each community is dependent on the well being of other communities. Whether we like it or not, isolation of individual or community is impossible. I believe isolation is simply a fancy word for suicide.

Circulation of goods and services is the life blood of the modern community. If that blood is cut off from any part, that part dies and withers away. To attain economic health, we must keep the life blood circulating evenly and to all parts. Some central pumping station becomes necessary.

I don't want to extend the comparison, but I firmly believe that, as the economic unit increases in size, the necessity of having a central pumping station or clearing house becomes greater, not less. I believe much of the torment that the world has suffered in the past fifty years has arisen from the effort to operate a world-wide system from a flock of uncoordinated, often conflicting pumping stations instead of establishing one central point to guide and regulate the lesser centers which serve various parts of the world society.

I believe we should learn from history. The United States of America was once a loose federation of thirteen independent and jealous sovereignties. It did not work. It failed. Fortunately the responsible leaders got together before the collapse had become complete. They found the way to unite the thirteen parts into one sovereign state. It was then a nation whose parts by standards of communication and transportation were farther apart than any two nations of the modern world. The common problem and the eventual common bond were political in character in 1789.

In 1944 our major problem is economic. The bond which we must seek is also economic in character, yet our units of government are political rather than economic. Because the economic character of our problem is increasing, a tendency has developed which confuses the political function of the state with the economic character of our community needs.

We have failed to face our problems. We have failed to either analyze or diagnose the causes. As a result some nations have sought to concentrate economic control in the political state. The consequence has been the disastrous evil of dictatorship.

I believe we must now try to untangle our thinking and face the fact that the old idea of economic nationalism is as obsolete as the original concept of complete political sovereignty within each of the thirteen states of the American Confederation.

This is not a matter for the emotionalist or the demagogue. The people who paraded slogans about "America First" three years ago had a slogan which was unassailable, but intelligent understanding would prove that their slogan would lead to conclusions exactly opposite from those they were urging. "America First" in modern civilization should be a call to intelligent internationalism which involves no loss of national identity.

I believe that the history of civilization proves that democracy is the best form of government. With all the weaknesses we must admit in democracy, the experience in other countries has demonstrated that in the long run the alleged efficiency of the dictator is a snare and a delusion. If representative democracy is the surest and most practical form of political government, I submit it is the form which should be tried for the management of economic affairs.

What is our economic community? As I see it, it is the community composed of one group which finances and manages, one which supplies manual or mental services and one group which is all-inclusive representing the eventual users of goods and services.

I believe these three groups must be called upon to handle our economic affairs. I believe they each must furnish delegates, democratically elected by those whom they represent—a tri-

partite body of representatives of employers, workers and the public.

I believe those groups must reflect both geographic and industrial areas. I believe they should at least at the start be organized within the political nationalisms. I believe they should in turn select representatives to meet with tripartite representatives from other nations. I believe they should provide the vehicle in the economic field for eventual planning and regulation and development of world commerce. I believe some such machinery is necessary in order that the production capacities within each nation should be harnessed for the well-being of all the people.

This project is one which should not be launched with rigid charter and complex rules. It should start out with a few delegated responsibilities and powers—as did our United States Government in 1789—and develop over the years in accordance with the needs and opportunities of each era and generation.

I submit that out of the faded trappings of Versailles only one seedling has endured the fierce heat of the day and the furious storms of the night. That organization is one sponsored by the labor statesmen of that day and weaned by the practical experience of the leaders of Labor, industry, and the state.

It endures today, tripartite in character, capable of evolution into an economic congress of the world. I refer to the International Labor Organization, which possesses today the major characteristics of the eventual world organization to guide the world to a prosperity of plenty and away from the shortsighted, selfish, and suicidal Dark Ages of present-day economics.

With such a world organization functioning well, I believe that a world court, world police force and other international judicial, political or administrative agencies would be needed only in a supplementary way. If we plant and cultivate the seeds of world-wide economic democracy, we should be able to choke out and eliminate the poisonous seeds of war. It is time for us all to work and earn our way to a peace which will be organized to endure. (Applause.)

CHAIRMAN WOLL: Dr. Childs and Mr. Durkin have given way this morning and will discuss the subject this afternoon in the proper order.

This afternoon Mr. Bengough, the President of the Canadian Trades and Labor Congress, will be the presiding officer. We have an equally important and interesting program this afternoon and I sincerely hope each and every one of you will plan to attend the session. This evening particularly I urge your attendance at the dinner meeting.

President Green, of course, will deliver the address in behalf of the American Federation of Labor. Then Hon. Breckinridge Long, the Assistant Secretary of State, will have an important message to give us, coming right from the nation itself, and we will have Mr. Harold Butler. I do hope that those of you who have not yet made your reservation for the dinner tonight will do so immediately. Please let us all attend these meetings promptly and remain in session until completed, and bring your friends. Thank you. (Applause.)

The session adjourned at 1 P. M.

WEDNESDAY AFTERNOON

April 12, 1944

The second session of the American Federation of Labor Forum on Labor and the Post-War World convened at 2.50 P. M., Mr. Percy Bengough, President of the Canadian Trades and Labor Congress, presiding.

A picture was taken of the speakers for the News Reel.

MR. MATTHEW WOLL: Now friends, I want to present to you the chairman for this afternoon, Mr. Bengough, but before doing so may I ask every one who has not registered outside to do so, because by registering you will be able to get a copy of the proceedings for today's and tomorrow's

deliberations. It is to your advantage to register, and again I want to counsel those who have not yet registered for the dinner tonight to do so without delay.

It now becomes my pleasure to present to you the chairman for the afternoon, Mr. Bengough, the President of the Canadian Trades and Labor Congress, who will respond to the introduction and then introduce the speakers for this afternoon. Mr. Bengough. (Applause.)

MR. PERCY R. BENGOUGH: I deeply appreciate the honor of being invited to act as chairman of this session of such an important forum held under the auspices of the American Federation of Labor.

The question of employment opportunities in the post-war world is a gigantic problem but it is a problem that has to be satisfactorily solved. Subject only to the vital need of winning the war in order to save our democratic way of life, the question of what we are going to do in the post-war period so that our democracies can be made to work in a land of plenty is the most important problem that possibly human beings have ever been confronted with, because if solutions are not found to these problems the stupendous efforts and sacrifices made in saving our democracies will have been in vain.

The working people are not anxious to change our system of government. The very manner in which they rallied when the safety of their country was threatened and their liberties challenged shows conclusively that they do not want totalitarian government.

We believe that with progressive adjustment our democracies can be made to operate effectively and our citizens made happy and contented. No one can dispute the fact that on this North American continent we have made progress and have improved our standard of living under our democratic systems. However, we must not forget that hundreds of thousands of our people retain horrible memories of the misery of unemployment. They remember the periods of depression when they were anxious and willing to work and were not wanted. Some ask, "Who were the architects of those depressions?"

What we have been able to accomplish when compelled to meet the demands of war has been a revelation. If we can do all these things for the purposes of destruction, isn't it natural for people to ask, "Why cannot we be kept in gainful employment for constructive purposes?"

There is one thing we have conclusively demonstrated, and that is, we can grow and produce with ease in abundance every human need and requirement and, knowing this, the masses of the people will not go back to the pre-war days of fear and want.

We must not have any illusions as to the magnitude of the problems and difficulties confronting all of us in the post-war period. Civilian positions and jobs in gainful employment will have to be provided for all of those who have been fighting in our behalf overseas, as well as for those working in our behalf in the production of munitions and supplies. It has to be kept in mind also that many of our customer countries have made gigantic strides themselves both in agriculture and industry. We have to keep in mind the enormous strides made in our capacity to produce and the value of our scientific and modern methods of production, all being accomplished while we at the same time have maintained and fed a great army of men and women who were removed from the productive fields of industry, to say nothing of the billions of dollars worth of goods and foodstuffs that the United States and Canada have donated to allied countries.

This tells us that we cannot return to a system of life that reduces farm output, that restricts production and develops only on a basis of profitable operations, and a scarcity of commodities in which millions suffer. These, I think, are the problems awaiting solution in order to have full employment in post-war America. (Applause.)

CHAIRMAN BENGOUGH: I now have much pleasure in introducing to you Dr. Alvin Hansen, Littauer Professor of Political Economy, author of many books and articles. He has been Economic Advisor to the State Department on

special problems and has given special study to business cycles, unemployment insurance and economic stabilization. Dr. Hansen. (Applause.)

DR. ALVIN HANSEN: Mr. Chairman, Gentlemen: Following the last war I believe we made two great mistakes. I think we assumed that it was relatively easy to maintain peace, and we found that that was not true. I think we also assumed that it was relatively easy to maintain full employment, and we found that that was not true.

I believe we would get forward with our problem in both these two respects if we fully realized that the task of maintaining peace in the world and the task of maintaining full employment are very difficult tasks and we have to work continuously at them and to engage in continuous planning in order to achieve these ends.

Moreover, I would like to point out that I think there is some relation between the maintenance of peace and the maintenance of full employment. I am at any rate strongly of the belief that if we could have conquered the great depression that came upon us all over the world, and particularly the great industrial countries beginning in 1929; and if we could have gone forward to higher levels of income, prosperity and employment I, for one, at any rate, believe that the Hitler movement would never have won out in Germany.

Through the Versailles Treaty, bad as it was, we were making progress in rectifying the defects in that peace and it was, in my judgment, the terrific depression that struck the world beginning in 1929 that laid the basis for conditions in Germany and elsewhere which have led to our disaster.

Now whether you think that is too simple an answer to the question of war or not, at any rate, I think you will agree that there is some considerable relation between the maintenance of prosperity satisfaction amongst the population all over the world and the maintenance of peace. In fact, if we do not succeed in solving the problem of full employment at the end of this war, if we do not succeed in maintaining high levels of income in the United States, then I think there is relatively little hope for a successful functioning of the international political system, and out of that will grow disturbances and frictions which I am afraid are likely to lead to war.

So I think the first thing for us to become convinced of is that these two problems are not easy problems, that they require our best thought and effort.

I am, moreover, of the opinion that the subject upon which I am speaking today is enormously important, "Fiscal Policy and Business Cycles," or perhaps I may say "Compensatory Fiscal Program and Full Employment."

I think it is a fact that a vast proportion of the leaders in our country in business and in labor, as well as in government (federal, state and local), are not at all convinced that there is need for a planned compensatory fiscal program, and, based upon the record of one hundred years of our economic society in this and all other countries, as well as upon a vast amount of economic analysis, I am firmly of the opinion that unless we do deliberately set out to plan a compensatory fiscal program we shall in fact not be able to overcome unemployment.

If you look over our history for one hundred years in this country you will discover that our society in the United States, peculiarly has been one that has been extraordinarily unstable, with violent fluctuations and depressions. It has been, in fact, the most violently fluctuating economy in the world. Second to ours has been that of Germany.

I would also like to call your attention to the fact that the terrific depression we had in the 1930's was by no means the first long and serious depression in this country. We had—and there are people whose memories are still long enough to remember at least part of the period that I am going to speak of—very long and deep depressions in the 70's, 80's and 90's, depressions that were in terms of their duration, and in terms of their severity very comparable to the one, I believe, that we have more recently passed through.

We have had other depressions that were not quite so long and serious as those, but were still very serious indeed.

Now, why was it that in earlier times we did practically nothing about these depressions? We lived through them with-

out any great social stress or strain. I think the answer is quite simple and easy. In that period we were still fundamentally a rural and agricultural society. People on the farms at least don't starve when times are bad, they can always support themselves with food and shelter. But when you have a highly urbanized and industrial society such as we today have, in my judgment, we have reached a point in our industrial evolution when our social structure simply cannot stand the strain of these terrific depressions, and we are compelled to do something about it.

We cannot take the *laissez faire* attitude with respect to depressions that in fact we took in the 70's, 80's and 90's and the other periods of serious, though not quite so serious depressions, so I think we have reached a point where we have to tackle this problem in a serious way. Now what is the essence of these fluctuations in our industry and our employment that we have had in the past? I think we have come more and more in recent decades to have pretty much unanimity of agreement, and we economists, at any rate (despite the fact that I always hear that economists don't agree upon anything)—on this point very substantially agree that these fluctuations consist essentially of fluctuations in the output of capital goods, or if you wish to put it in a little different way, fluctuations in the volume of reinvestment.

Now to make it a little more concrete, that means fluctuations in the construction of plants of all kinds; business plants of all kinds; business structures of all kinds; residential housing; public works. It means the investment in new machinery and equipment in our business plants. It means the accumulation of inventories of stocks of goods and it means, to a lesser extent, net export surplus.

Now of recent years there is one other area that has contributed profoundly, though I think on the whole in less degree than the others I mentioned, to instability, and that is notably the fluctuation of the automobile industry. These long-term durable consumer goods respond in somewhat the same manner to this particular problem as do the outlays that are made for machinery and equipment.

If we look at the end of the last war we see concretely again how this works out. We had at the end of the last war a sharp demobilization crisis that lasted from the time of the armistice until about April of 1919. I think we may expect something of the same this time, a sharp demobilization crisis that may last from six to nine months, or something of that sort. That was followed by what may be described as a deferred demand boom, a kind of a re-stocking and deferred demand boom that inevitably follows a war, and I think we may expect that again this time. That gave us the boom of 1919 and '20, and let me add that that boom resulted in a major post-war inflation of prices.

If we had in fact succeeded in stabilizing our prices at the level of November, 1918, we wouldn't have come out so badly with respect to the disturbance of serious price inflation as in fact we did. It is true, however, that by November, 1918, there had been an increase in the prices and cost of living of an order of magnitude of about 65 per cent over pre-war, as against our much more moderate rise in this war of less than half that amount.

I want to repeat that we had a major inflation after the war. The inflation after the war for the relatively short time which it lasted was of greater severity than any price inflation we had during the war and I think we need to watch out for that after this war. We may come through the war if we work hard at it from here out. I believe we have to keep on struggling hard to maintain price stability and if we do, we may come out pretty well, but there is a serious danger that the thing will blow up as it did last time unless we continue rationing and price control in the areas where they are necessary and for as long as they are necessary, that is, until the greatly increased supply has caught up with the deferred demand.

Now what did that boom of 1919 and '20 consist of? I think the answer is not very difficult. It consisted, for one thing, of an enormous accumulation of inventories by retailers, wholesalers and manufacturers at a rate that exceeded by far anything that had ever occurred before or since in our history. There was an accumulation during each of those years of in-

ventories and net additional accumulations of inventories of a little less than six billion dollars each year.

In 1929 we had an inventory accumulation of about three billion, with a much larger national income. In '36 and '37 we had an accumulation of inventories of about three billion. In addition to that we had in the years 1919 and '20 a very high net export surplus which indeed was higher than during the war, due to the continued demand for foodstuffs and raw materials by the European countries that had been devastated by the war and had not yet come back into agriculture and production.

We also had a very large investment during those years of 1919 and '20 in business equipment and machinery. There were industries that had not been able to introduce the machinery that would keep pace with progress during the war and the level of investment of machinery ran very high in 1919 and '20, indeed higher than at any time during the war, despite the fact that in World War I we built whole new industries almost from the bottom up. It was higher also for a large part of this period than in any period in the boom years of the 20's. That was a third major element.

There were two other areas that were running moderately high, though I would not say extremely high; one was purchase of consumers' durables, automobiles and household equipment; the other one was construction.

But let's take now a look at the depression of '21 and '22. Again I think it is quite a simple matter to see what happened which, fundamentally, was this:

The inventory accumulation (anybody can see that you can't keep on accumulating inventories, additional stocks in the hands of retailers, wholesalers and manufacturers piling up higher and higher at the rate of six billion dollars a year) dropped to zero. Now it is a terrific blow on a society to have an accumulation running a net addition to stocks of goods of six billion dollars a year, and then dropping to zero. Moreover, our net export surplus dropped very close to zero but not quite, and these two facts account mainly for the decline that occurred and for the serious depression that we had in '21 and a large part of '22, though this depression turned out to be relatively short-lived.

There was also a very sharp decline in machinery down to 60 per cent of its boom level of investment. It had been running quite clearly at so high a level that the industries were beginning to reach a partial saturation point in the new machinery that they could profitably introduce. That decline in capital outlays in those areas is the secret of the depression of 1919 and '20.

I fear we shall find something like the same problem in the re-stocking boom that we will have following demobilization crisis after this war. We probably shall have a large amount of accumulated deferred demand that will give us a high level of activity in a good many very important areas.

We certainly shall have that in consumers' durables, automobiles and household equipment. We shall have it in business equipment and machinery because there are many industries that have not been able to introduce machinery for a long time. We probably shall have also this time a very large net export surplus for about eighteen months or so when Europe will be very short on foodstuffs and we shall again have a very large accumulation of inventories, though I hope, and I am inclined to believe, not nearly so violent and so speculative as we had at the end of the last war.

I hope that the mere fact alone that such a large number of our business leaders who are now in command of our industry lived through the inventory boom and decline of 1919 and '20 would in itself be a stabilizing factor.

Now here are the elements that we shall have again in our re-stocking boom and I think we can also see quite well that several of them are going to run out fairly rapidly as they did at the end of the last war. They ran out in less than two years. It is quite clear, I think, that in the case of the automobile, deferred demand that our industry running at anything approaching full capacity can supply every family in the United States with a new car in a pretty short period of time. I won't venture to say exactly how long, but I would estimate that in four years they can supply every family with a new car.

Of course they may not operate at full capacity, but there will be a tendency to run at least at a very high level and there

will be a saturation point as we experienced again and again in the automobile industry where every three or four years in the past we reached a temporary saturation point.

The same is true of the inventory accumulation which as I have said I hope will not run so high this time as last. It is bound to dwindle out as inventory accumulations always have in two, three or, at the most, four years. In the case of the net export surplus, we can hardly expect that to run at an extraordinarily high level. At any rate it is bound to decline very materially at the end of two years.

That means that at the end of two, three or four years I fear we shall again be in very serious danger of a severe slump. It may be that we may be lucky enough to avoid that severe slump, but there is only one area in my judgment that would insure us against a slump, and that is, if just at the point where these other areas drop out, as they will, at the end of two, or three, or four years, there should be a very great rise in construction, notably housing. If we should be lucky enough to have that occur, it would soften and indeed might even overcome a drastic slump which would be impending at that time.

But if we are lucky enough to have that occur—and there are certain reasons why we might be more or less hopeful about that—then what about the future? Well, I think that after we have run along on a pretty good level of activity in this country, we are always inclined to believe that somehow or other it is going to last.

We will all remember the new era talk we had in the 20's, and I must say I am hearing a good deal new era talk now about the post-war period. I hear some people talk about fifteen years of prosperity.

Now I would merely like to make the statement, which is a fact, that we have never, nor has any other country ever had any such period of prosperity in all its history. Furthermore I think it is not in the cards, both in terms of our historical experience and in the light of ample theoretical analysis that has been made to show why it couldn't be in the cards.

We are going to face fluctuations again in the future, as we have in the past. In my judgment there will be violent fluctuations in private capital outlays. There are a good many reasons why we may believe that there are likely to be more violent fluctuations in the future than there have been in the past, but I have not the time to go into those reasons. I do allege that we have every reason to believe that we shall have fluctuations in the output, in the outlays on capital goods, and that is the essence of the problem.

Let me turn for a moment to the depression of 1929. There again what happened is no great secret. In the good years of the 20's we had private capital outlays running at the rate per annum of about seventeen billion dollars and that meant construction of office buildings and hotels and factories in new industries that were growing up, and machinery and inventory accumulation—private capital outlays. The private capital outlays from 1929 to 1932 fell from \$17,000,000,000 to \$2,000,000—fifteen billion dollars decline!

Then what happened? Unemployment in the heavy goods industries, and the remaining wage earners that were still employed were fearful about the future. As a result of that decline of fifteen billion dollars in private capital outlays there was an induced decline of thirty billion dollars in private consumption expenditures, that never would have occurred without this decline in private capital outlays.

Here is another lesson that we need to learn. When you have a decline in private capital outlays it has a magnified effect upon the income and upon employment. If it were only a decline of fifteen billion dollars of our total income that, at least, would not be so bad, but that in turn induced this tremendous decline in consumption expenditures of thirty billion dollars, so that the national income in fact fell from about eighty-five billion to about forty billion dollars in three short years!

Consequently, if we are really going to tackle this problem of maintaining employment we must create a balance wheel which can offset the fluctuations in private capital outlays. That balance wheel, and in my judgment there is only one balance wheel that can act as an offset, is a compensatory fiscal program. By this I mean on the one side a flexible public invest-

ment budget that can be stepped up and increased to offset the decline in private capital outlays when it occurs. I also mean a flexible tax structure, because I believe we have reached a point where we can use a flexible tax structure which can also operate very effectively as a stabilizing device. I am not going to talk about the tax structure as a compensatory fiscal policy today because it would get us too far afield and I shall stick to the area that is a little simpler and easier to discuss, namely, the public investment compensatory program.

Again let's look at 1929 to '32. It is perfectly clear that if public and private total capital outlays had remained at approximately the level of the good years of the 20's we should not have had any appreciable decline in consumption expenditures. If people are employed you can depend upon it that they will keep on spending their money. It is only when something happens in the capital goods industries that you get this terrific decline in consumption expenditures.

Now the decline in private capital outlays was fifteen billion dollars from '29 to '32. You may say that in order to have held the fort, therefore, we would have had to pour in by public investment outlays on useful and productive public improvement and development projects. We have, of course, a great many projects that we need to do in this country in order to raise the standard of living and productivity of our people. You may say that we would have had to pour in five billion dollars since that was the decline in private capital outlays in order to hold the total of public and private outlays at the level of the prosperous years. I think not! Why? Because if we had stepped in boldly and on a sustained basis with a large increase in public improvement and development projects that, in itself, would have stopped a very large amount of the cumulative decline in private capital outlays. Let me illustrate by just one field.

As is always true, a depression once going down hill at a rapid rate feeds on itself and induces a further decline.

Take the field of housing. When the depression came on we already had, or we were already beginning to have in terms of the market demand a high percentage of vacancy, and that, I think, is the main explanation for the fact that residential construction began a decline a year before the depression in 1929. The drastic fall in house construction is a major explanation of the decline. We had already a fairly high degree of vacancy owing to the large volume of housing that had been built in the 20's, but that vacancy was accelerated and increased as the depression deepened. Why? Because city people moved out on the farm when they couldn't get work in the city. Vacancies occurred in the cities, with people remaining in the cities doubled up because they had no work and two families lived together in the same house and vacancies were spreading more and more as the depression deepened, so that there was less and less inducement to build houses. That is just one illustration.

If, however, we had held the national income up a very large part of the decline in private capital outlays would never have occurred. I would venture the statement that if we had poured in six to seven billion dollars a year on a sustained basis of public development and improvement projects, private capital outlays would not have fallen by more than six or seven billion dollars and you would have had total public and private capital outlays remaining at the prosperous year level. You would have had private consumption expenditures continuing at the high level that it was. There would have been no reason for a decline in private consumption expenditures.

It shows how one dollar of public improvement outlays made at this point has an enormously magnified effect. It prevents a decline in private capital outlays that would otherwise occur and it moreover prevents the terrific decline in private consumption expenditures that would otherwise occur. The magnified influence of the dollar is a very important lesson to learn.

Now let me refer to the experience in Sweden. Sweden is a country that is committed to a compensatory fiscal program and I would further like to assert that no country in modern times is prepared to face the problems of its society that does not adopt a compensatory fiscal program. Sweden in all classes has come to the position where they see the importance of this kind of a program. You see in Sweden a very common sense procedure.

At the beginning of the year business men report to the

government approximately how large the capital outlays are that they intend to make in the ensuing year. The government therefore has a reasonable estimate about the volume of anticipated private capital outlays and can therefore plan how much it needs to plan for in the way of public improvement and development projects and housing in order to hold the total capital outlays where they must be in order to maintain full employment.

The government has gone further than that. The Parliament makes appropriations for public improvement and developmental projects, which improvements shall be made at the time when they are necessary in order to stabilize the society. The Parliament having made the appropriations for these specific projects, an administrative unit determines at what time the projects will be instituted and they have a real balance wheel on a planned basis.

Now I submit that it is irresponsible public financing to go along in the manner that we have done in this country and are still doing. We are still just as unprepared for the next depression, in my judgment, as we were for the last one.

Why do I say that? You can't be prepared for a depression unless you have public improvement and development projects planned ahead. It takes from twelve months to twenty-four months and sometimes longer, depending upon the project, to assemble the land; to get the legal matters all taken care of; to get the engineering surveys and blueprints made; to get the appropriations and to be prepared to go when the time comes that they are needed.

We have a little accumulation of plans of this character in the Federal Government and in state and local governments, but the amount that we have thus planned is infinitesimal compared to what we really should have if we are going to have a really responsible public finance and fiscal program, one that is able to act effectively as a balance wheel.

There is another thing I would like to remind you of and that is, that our society in modern times is one that has swift comebacks, knowledge of what is going on. In the period of our depression of 1937, we saw a swift decline in four or five months. I think that swift decline was partly related to the fact that we have better means of comebacks, a better knowledge about what is going on. All business men acted in concert in the way they had never done in the past. Once the tide turns we can have a tremendous decline of our national income, of the Federal Reserve production index, in six months. Let's not think because we are on a high level of income and it has been there for two, three, four or five years, that you can't have a terrific decline inside of six months! We are exactly in danger of that kind of swift decline.

Now you are not prepared to meet that kind of swift decline unless you have a planned compensatory fiscal program and that we do not have. So I say that we are, I think, in this country guilty of an irresponsible financial program, a program that leaves us unprepared to meet these vital fluctuations that we have always had in the past and which I think we are going to continue to face in the future.

And more and more, as I see it, in the Scandinavian countries, in England, in Canada, in Australia and New Zealand, responsible people in business, labor leaders and in government are coming to realize that it is just this kind of a program that is necessary in order to have what can be really called a responsible financial arrangement that gives us some degree of hope that we can cope with these vital fluctuations and maintain stability. There is one other point that I want to mention very briefly for I am afraid I have taken too much time already. In my judgment not only do we need a compensatory fiscal program which irons out the cycle, but in addition we need something else or what I would call a developmental long-range fiscal program.

I spoke on this subject at Chicago some weeks ago and I was interested in one comment that was made. The speaker said, "I am quite in favor of the compensatory program, but I am not quite so sure about this long-range developmental program."

Now the interesting thing about that is, that it is the compensatory program that is relatively new in our thinking and which we have not practiced in the past and that he was willing to agree to. The long-range development program (public im-

provement and development program) is very old in our society, and very old in England and Canada. A splendid record of the Canadian long-range public developmental program is contained in a report which was published some three years ago.

If we start from our earlier times with internal development programs; with our canals; with the public assistance to our transcontinental railroads; with our public roads and more recently with such great public, basic public improvement projects as the T. V. A., and the great public development projects in the Pacific Northwest; in the Columbia River; we see a long record of long-range public improvement and development programs.

Now what does this kind of thing do? These basic public improvement projects open up private investment outlets that would not be possible in those areas without these basic public improvement projects. That is true of the Columbia River development and the T. V. A. development, and all through our history.

Take a country like China. How much private capital investment can be made in the next two decades in China? Well, it depends very much upon how far basic public improvement projects will take place involving the building of railroads, and roads, and airport facilities, port facilities, and electric power, very much of which will in the nature of the case have to be public investment programs.

Now you may say, "Why can't all these things be done by private enterprise?" I will give you the reason. Let's take the T. V. A., for example. In the case of the T. V. A. it is believed by many that in fact it will pay out one hundred cents on the dollar and perhaps even some interest on the investment. But now let us suppose that that were not the case. Let us suppose it only paid fifty cents on the dollar. Would it then be a failure? Certainly not when you consider the increased productivity in that area, the increased purchasing power of that area, the increased private capital outlays that have been opened up by that basic development.

The thing for the country as a whole is enormously profitable and even to the treasury because of the greater taxable capacity of the country by reason of the effect of that development upon our whole society. The government alone can take the over-all view with respect to the whole economic benefit, the indirect benefits that accrue to private investment outlets and purchasing power as well as the direct return that the treasury will get from these projects.

So I say we know that story very well with respect to public roads where the direct return to the treasury is zero and yet we know that it is a highly productive investment project just the same. There are many important capital outlays in this country that will raise our productivity, increase private investment outlets, but that can only be made by the government for the reason that the direct return will not pay out one hundred cents plus interest on the investment. The government can take that larger view and can make these investments and open up the business prosperity and purchasing power and private capital outlays that ensue therefrom.

Now I would like to mention another important area of which that is so tremendously true, and then I shall stop, and that is the area of urban redevelopment. All of us who have some familiarity with our cities know what is going on. Our great cities are rotting at the center. Slums and blight are increasing and the financial position of our cities are accordingly growing progressively worse. They are temporarily better during the war, to be sure, but not taking the long-run view. Consider my city of Boston. The trend over the last two decades with respect to increasing slum and blight, the decline in the assessed value of the properties of that city, the increasing financial difficulty it is facing, is becoming evident to every person. The same is true of every city.

I don't know any way in which we can overcome the tremendous obstacle we face in urban redevelopment except by a public investment program in urban redevelopment, that is by the Federal Government making its credit available to the municipalities so that they can buy up the slum and blighted land, clear it of the obsolete buildings and offer it to private development companies on terms on which they can make a profit.

They can't buy that land now and clear the buildings and go forward with a profitable development.

You will find in all cities that the acquisition costs of the land are so extraordinarily high that it is simply not possible for a private developer to consider under conditions that will make for a sound development. Provide plenty of open spaces, reduce densities so slum and blight will not again develop, and you can have a sound development on a profitable basis for private enterprise.

Here again every dollar of public money you put in (which in fact the treasury may not have returned), will pay handsome profits for the economy as a whole many times over and will open up private investment outlets that could not otherwise be made.

That is what I mean by a long-range development program. In the future we must more and more find a new economic frontier, so to speak, in our own backyard. We haven't the great extensive frontier anymore. We must find the intensive frontier in our own back yard and that requires ingenuity and planning and here is one of our important areas, urban redevelopment. (Applause.)

CHAIRMAN BENGOUGH: On behalf of the committee, Dr. Hansen, I think you have rendered a great contribution.

Our next speaker is the President of the Studebaker Corporation. He is one of the intellectual leaders in the "small business group." He has had a long and successful career in the automotive industry, and in addition to making cars he has been equally interested in traffic safety. I will now introduce to you Mr. Paul Hoffman, President of the Studebaker Corporation. Mr. Hoffman. (Applause.)

MR. PAUL G. HOFFMAN: Mr. Chairman, Mr. Green, Mr. Woll, Ladies and Gentlemen: This afternoon you have listened to men of great erudition. I think for the first time in my life I was imputed with being intellectual and that was by your chairman whom I met some forty minutes ago.

You are going to hear a very earthy discussion. I am delighted to be here but I hope you won't expect too much from me. When it comes to economics, with which I have struggled to some extent in the last two or three years, I find I very quickly get lost in my own confusion.

Because I am going to talk about the post-war period I would like to remind myself that as we meet here this afternoon, men, our men are fighting all over the world. I mean our men of the United Nations. They are fighting for our liberties and our first task obviously (labor, management, all of us) is to make sure that we are making our maximum contribution to winning the war now, winning the war quickly.

Every once in a while I am struck by the fact that on the last day of the First World War there were 26,000 casualties. We have got to get this war over quickly and that is our first job. Men are fighting for us, and to them we owe an obligation of such magnitude we can never hope to repay, but this we must do: We must make certain that while they are fighting for us we aren't losing the peace here at home for them by our failure to prepare for the kind of economy to which they are entitled. We have got to make it possible to win this peace in the post-war period and to win the peace we should have started a long time ago.

Now this phrase, "Winning the Peace," admits of varying definitions. The task is one of great proportions, however defined. To some people it means an improvement in the social, political and economic situation throughout the world. To others it has a more restrictive meaning, but this is definitely an absolute certainty, that no matter how restricted a definition you use on this phrase we will not win the peace if in the post-war period we have either mass unemployment or mass employment by the government on made and useless work.

Now so vital is this matter of abundant employment in the post-war period that it seems to me that we should try to define and acquaint ourselves specifically with the task that lies ahead here in these United States because, as Dr. Hansen said, there just isn't any hope for a better international order, or in

my opinion, for a better world unless we do attain abundant employment here in this country.

To define this task I think we must get away from phrases and get down to facts. As long as we deal in phrases they are subject to all kinds of interpretation. In 1940 there were 46,000,000 people gainfully employed according to the best statistics that I can find. I want to assure you that when you get in the statistical field it isn't always possible to be exact because the figures of different agencies vary. There seems to be some determination on the part of our statisticians to be individualists above all things and not come to common agreement with others, but this figure of 46,000,000 is, I believe, a reasonably accurate guess as to the number of people who were gainfully employed in 1940.

I believe that all responsible statisticians are in fair agreement that in order to have a satisfactory situation in the post-war period we will have to have an employment level somewhere between fifty-five and fifty-eight million. That is nine to twelve million more jobs than we had in 1940. Of that nine to twelve million additional jobs perhaps some two million might be represented by increases in our armed forces.

The figure to focus on is that we need from seven to ten million more civilian jobs than we had in 1940 if we are to have abundant employment, and abundant employment we must have!

So far at least as the immediate post-war period—and by that I mean a period of two or three years—is concerned, we must look to the field of private activity for most of those jobs. I am not here entering into debate with Dr. Hansen. I am simply trying to interpret the facts as I see them.

There is real danger as far as you and I are concerned, perhaps, the employer group particularly, in any feeling that we can look to a program of public works for enough additional jobs to meet the problem, jobs of the right kind. As nearly as I can find out, and all I claim is an effort to get at a conscientious estimate, there might be at the Federal level, providing a blueprint were given to every job now blueprinted, some 600,000 jobs available within one year after peace comes. If a green light were similarly given to all projects at the state and local level, I am told there might be two and one-half million additional jobs within a year, or make it three or four million if you want to. I am just trying to make a point here and not trying to be too exact, because one can't be. Well, in 1940 there were on an average of 2,000,000 people employed on PWA and WPA (WPA about 1,900,000, PWA about 100,000), and they are included in the figure 46,000,000 I used, so if we had a green light on everything now, a blueprint, let's say, it is 3,000,000 jobs or only 1,000,000 of that seven to ten million we need.

Now don't be mistaken as to my attitude. I think that one of the necessities of the moment is an acceleration of blueprinting of public works jobs at all levels, at the Federal, state and local level. The thing that disturbs me is the shelf isn't there. I don't think we can get it there fast enough to go much beyond what I have suggested to you, because what I suggested represents far more jobs than are presently provided for by blueprints and financial plans.

It doesn't do any good to talk about looking to great public projects as long as that is kept in the stratosphere. It is only when we get those projects blueprinted and financially provided for that there are going to be jobs for us soon enough after the war ends, so that we may meet this great problem that lies ahead.

Now, having stated this goal in jobs just as clearly and specifically as I can, I would like to say to you that I think there is a terrific hazard for all of us if we concentrate on the number of jobs we have to have alone, because we might have jobs for all, to use one of those very dangerous popular phrases, "full employment." I would like to talk numbers and not phrases. We might have jobs for all and still be on the road to disaster if they weren't the right kind of jobs, because those jobs must be well-paid if we are going to have the right kind of economy in these United States.

Now jobs, as I understand this economic situation, are by-products, to use a word of production and distribution. As a matter of fact, here is a thought I advance for what it is worth. I think when we start out with a direct approach to create jobs

we often come out with the wrong kind of jobs. We come out with WPA jobs. Sometimes I think that is something akin to starting out in pursuit of happiness.

Did you ever know any one who started out to pursue happiness who ever attained it? Happiness is a by-product, a by-product of tremendous importance and significance but still a by-product. Similarly, jobs in spite of their tremendous significance must be a by-product of distribution and production.

I think that is important to get in our minds because if we think in terms of the number of jobs only we may fall for certain panaceas that have had their moments of popularity in the past and may have them again.

One of those panaceas is the spread-the-work idea, the theory that we can meet this unemployment problem by reducing hours. I am not talking about any health standards here; I am simply saying I am not talking about a given number of hours. I am talking about an idea, the idea that you can meet the unemployment problem by reducing hours from 40 to 30 or from 30 to 20 and spreading work. The spread-the-work idea is a direct attack on the standard of living when you try to go faster than you can get through improvement in the productive process, because that is the only place from which we can get a real increase in wages.

The second fallacy or panacea which we might perhaps give too much heed to is this old bugaboo of technological unemployment. I happened to appear on a couple of forums the last few months and one of the speakers said that he felt that one of the great hazards that lay ahead would come out of the rapid technological advancements that had occurred during this war, that if they were put into operation too quickly when the war was over we would have vast technological unemployment.

My fear, ladies and gentlemen, is that we won't put those technological advancements in fast enough. The faster we put them in the greater assurance we have of not only the right kind of jobs but jobs enough. Why? Here again I must hit a high spot or two.

The only way to expand employment is through expanding markets and how do you expand markets? You offer better values. And how do you offer better values? You offer better values by putting machine power at the beck and call of manpower.

I can give you a very interesting, short little story on that in our own company. I checked our records, going back to 1870. In 1870 our plant was all hand work. We were a highly paid outfit. We paid ten dollars a week for 60 hours at South Bend in 1870. In 1912 with only moderate mechanization in our plants—and that is a span of forty years—there had been an increase of wages to \$12 a week for 60 hours.

Now this isn't the only force at work, but in 1936 (which wasn't one of our best years), we paid \$1,800 on an average to our workers for an average of 2,000 hours of work during the year and we had \$5,000 worth of machinery behind every man.

It is only as we bring these technological advancements into operation that we can bring the values of goods up and the prices down and thereby expand markets, and I say if we think only in terms of the number of jobs there is this very real danger. What we have to get our minds on (business, labor and this whole economy), in my opinion, is a rapid, record-breaking expansion in the output of goods and services, a real economy of plenty, if you please.

In 1940 the gross national output in the United States was \$97,000,000,000 and we had somewhere between six and nine million people unemployed. It wasn't a satisfactory situation. We have added to our labor force. We want that increased labor force to have the right kind of jobs and there is just one way that I know of that we can get it. That is to expand from 30 to 45 per cent of our output of goods and services over the 1940 level, and if we keep our eyes on that ball we won't go wrong. That is why in C. E. D., which I will talk to you about very briefly, we have put the emphasis on expansion, expansion in the output of goods and services. We think we are safe and we think we are sound.

I would like to tell you very briefly how this Committee for Economic Development, of which I am chairman, is trying to make its contribution to the attainment of this goal of expanded

output. Let me say that we are a non-partisan, non-political, single-purpose organization. We have just one aim in life and that is to try to assist employers in this country to achieve this higher level of output which I have indicated.

We operate through two divisions, one a Field Development Division, the other a Research Division. This Field Development Division has the responsibility for selling to America's 2,000,000 employers an ideal that it is smart to plan boldly, because flag-waving won't do this job, gentlemen. It has to be the smart thing to do; it has got to be smart to expand. We know it is, so we are trying to sell that idea.

We also have to assist those employers in making plans because technological advancement has been rapid. Unless manufacturers know about new materials, new designs, unless the sales executives know about new sales methods for cutting down sales costs they won't be in a position to make smart plans and it is just as important to have those plans smart as to have them bold.

Now to accomplish this task we obviously had to organize on a community basis, because you can put this under your hat as a sound truth, if the employment problem in the post-war period is going to be solved it will be solved only if we bring communities back into action, if we can get the local communities to assume responsibility for getting at their own problems, not only in the field of private endeavor but also in this field of public works.

We started out working with existing organizations to set up a single-purpose organization in the more important employment centers of the country, as I say, with a single objective in mind, which I described.

A year and a half ago, or a year ago, we had three committees in operation. Today we have over 1,700 committee chairmen. We have over 40,000 business leaders enrolled in this activity.

Now of course it isn't enough to go out and say, "It is a smart thing to plan boldly." As I said, you have got to assist them in the plan and that was a second function of our Field Development Division.

We have called on the very top experts in the industrial field, in the sales field, in the financial field to offer their services free of charge, so we could take whatever knowledge they had to give us and pass it on. The greatest industrial engineers in America have combined in writing a handbook on industrial engineering for a small manufacturing concern. The greatest sales experts have combined in writing a new streamlined course on sales management. The top-flight designers have offered their services in the preparation of a sound film showing the impact of modern design on products in the post-war period.

All that information is available to any enterpriser who wants it. All that information is available to any labor union that wants it because we want your help in this enterprise. If you can assist us in prodding these employers into action, fine. We have urged our local committees to bring in labor leaders in every city. We want them. Why? Because while this job of planning partly at least, primarily perhaps, falls on the employer in the first instance, we know that if Labor is interested, Labor has its great contribution to make back here in the communities. I can assure you that we are constantly improving this package of information that will be of real assistance.

The second condition that we think has to prevail if we are going to have this expanded economy in the post-war period is a condition in which the policies of government and the policies of business favor expansion, or putting it conversely, we have got to get rid of or change those policies of government and business that interfere with expansion. That involves a matter of research.

We realize that there wouldn't be any particular value in having business men sit down and make recommendations as to changes in important governmental policies. We haven't the erudition and knowledge to do that kind of a job. It takes scholars on that. At the same time sometimes we think the scholars could be helped if they were working with men of practical experience.

Our Research Division is set up in this way: We have a small group of business men who form the Research Committee. They are advised by a Research Advisory Board headed by Sumner Slichter, who will address you tomorrow morning, as to the policies that need some change.

After that decision has been made as to what policy needs investigation, it is turned over to the best scholar we can find and that scholar is guaranteed complete editorial freedom. He is told if he wants to consult with the business men he can, if he wants to consult with his fellow economists he can, but the responsibility for the document is his when it is issued and his is the sole responsibility. It has to pass a reading committee (a vote of two or three of his fellow economists), that is all.

Now to be very practical about this thing, let me talk for a moment about taxation. No man who has studied federal taxation could fail to come to the conclusion that as the federal tax laws are presently constituted, they are almost a complete block to an expansion of our economy. The tax laws must be changed and they must be changed not from the standpoint of political considerations but from a standpoint of their impact on jobs and production. That hasn't been so important in the past, but with a twenty billion dollar annual tax bill facing us unless we can find ways to levy those taxes so they will do the least damage to production and employment, we may wake up and find it had a most unfortunate effect.

Well, in that particular assignment Dr. Harold Ross of the University of Wisconsin was employed for a year. He had been studying federal taxation from the standpoint I have mentioned. His report will be out in thirty days. We have seventeen other subjects being similarly studied. We aren't a propaganda-proposition organization. All we hope is that by bringing these scholars in the picture we can shed light on areas where there has been much darkness and much obscurity and where there is a great necessity for light. That is how our Research Division operates.

Perhaps you would like to have not my opinion (which would not be of tremendous significance), but the opinion of the group of trustees who comprise our C. E. D., as to the possibilities of our attaining this new goal of 30 to 40 per cent increase in output within about a year after the end of hostilities.

It is our opinion that as far as the tangibles are concerned the goal can be attained. In other words, we certainly have productive capacity at this new level. We believe we can build our distributing organizations so that we can function at a new level and we know there is one hundred billion dollars of savings that will be available for the purchase of goods at the end of the war. We know there is a great pent-up demand so that as far as those tangibles are concerned you can say with finality, "Yes, we can hit this level 30 to 40 per cent higher."

But there are intangibles involved that have to be satisfied. We will miss our chance, in my opinion, for an economy in which more people will have more than they have ever had in any country in the world in this post-war period, if business fails to put enterprising policies into effect that invite expansion of markets. We will miss our chance if Labor doesn't remove the unwarranted restrictions on output that prevail in some cases. We have either got to believe in abundance or turn our backs on it. We can't go half way.

That applies to all of us. We have this chance, a very real chance, but the chance is going to come through greater production. It is not going to come through restrictions. It is going to come through production, and finally and most important, we will miss our chance unless Government and Business and Labor and Agriculture are willing to subordinate their group interests and work together for the common good.

If there was ever a time in history that called for statesmanship on all levels it is the present moment. We have got to subordinate group interests or we will miss out on our group interests. If we do subordinate, if we do work together for the common good, then there is no reason, in my opinion, why we shouldn't attain that goal.

I don't presume there is any one in this audience that I face here that hasn't a boy or some close relative risking their lives somewhere throughout the world. I say to you as my final word that I don't see how any man or woman in the United States can face their conscience unless they are certain that they have made their maximum contribution, not only to win the war but also to make certain that when these boys come back home they come back to a home in America that is free, an America that has an abundance of jobs and an abundance of opportunities. Thank you. (Applause.)

CHAIRMAN BENGOUGH: In behalf of the committee, Mr. Hoffman, I want to thank you for your very interesting and instructive address.

Our next speaker was formerly with the Harvard Business School. He came to Washington to head up the Post-War Division of the Bureau of Labor Statistics and is soon to be associated with the Curtiss-Wright Corporation as Director of Business Research. I now introduce to you Mr. Donald Davenport. (Applause.)

MR. DONALD H. DAVENPORT: Mr. Chairman, Mr. Green, Mr. Woll, Ladies and Gentlemen: I would like to preface my remarks by telling you a very short story of a friend of mine, an ophthalmologist at Harvard Medical School, who was one of the first in the country to experiment with the use of contact lenses to correct impaired vision. As you all know, the contact lens is a proven method today of correcting certain defects. It is worn in direct contact with the eyeball.

The idea of the contact lens was a little repulsive when it was first suggested and there was great difficulty in getting patients to agree to the use of this kind of a spectacle. My friend, the doctor, was in his office one afternoon when a man and his wife came in. The wife clearly had a condition which could be corrected most effectively by the use of the contact lens. The doctor described the lens to the patient, and to her husband, and she agreed to try them, so he had them prepared and in due time the patient and her husband came to the doctor's office to have the lenses tried on for the first time.

The operation requires the use of a bowl and eye-dropper. You put a little water inside to hold the lens before you insert it under the lid. The patient had the lenses inserted and she raised her head from the bowl, blinked her eyes and she looked at the doctor in his white tunic. Then she looked at her husband and she stared and said, "No doctor, if that is what he looks like I won't wear them." (Laughter.)

It is my job this afternoon to put some contact lenses in your eyes so that you can see some of the dimensions of the shifts that have taken place in the last four years as we have mobilized for war, and something of the character and the magnitude of the shifts that we must make when we go back from war to peace if we are going to achieve this peace, and I hope you won't take the lenses out. I hope you won't prefer your illusions of the present. It is my responsibility to see that the dimensions of the shift are not minimized, that you are not misled to believe that this shift can take place automatically or easily.

One of my former colleagues at the Harvard University Law School used to throw the fear of God into his entering class every year. He would tell them, "I want each one of you to look at the man on your right. Now take a good look at the man on your left because by the end of this year one of you three won't be here." (Laughter.)

If I could talk to you as John Q. Public I could tell you. "Look at the man on your right; look at yourself, one of you two men is engaged in making money that is coming out of the war at the present time. There are twenty million war workers in the United States and eleven million soldiers and sailors wearing our uniforms. That means thirty-one million people who are on the payroll of war. Look at the dollar that is exchanged for goods and services at the present time. One out of every two dollars of business done, of wages paid, of services rendered, is a war dollar."

I can tell you that the dimensions of our work, our activities today, measured in terms of gross national production of approximately two hundred billion dollars a year at the present rate, is just twice as great as it was at the beginning of 1940 when we first began to pay serious attention to the business of defense. I could also tell you that the amount of money that is spent on goods and services for civilian use is almost as great as it was in 1940, that the expansion is an expansion of 100 per cent and that expansion is all occasioned by the war.

One other dimension may serve to help you gauge the importance of this job. At the present time there are approximately seven million people on payrolls who were not on payrolls in 1940. Roughly speaking, that is one out of every four people engaged in gainful occupations at the present time who had no

gainful occupations at the first part of 1940. Eleven million of those seventeen are wearing uniforms, and the requirements for the others have arisen because of the expansion of the business of war.

When we started this program in the early part of 1940, as Mr. Hoffman told you a few moments ago, we had 8,800,000 people who were unemployed in the United States. Today the number of unemployed is less than 1,000,000. War has put the unemployed back to work. War has absorbed the increase in the number of workers that have come of working ages since 1940. War has also called for a longer work week and war has drawn into the labor force women from their homes and older people from retirement, the younger people from schools.

Dr. Reeves of the University of Chicago, an international expert on education, tells me that I can quote him as saying that today there are between three and four million fewer children in school and college than in 1940. Moreover, he estimates that by the end of 1944 there will be ten million people who will have had their normal civilian education impaired by too early participation in the war effort, by being inducted into the armed forces before they had finished their education, or having left high school or college to participate in war work.

Time is one of the dimensions that is involved in estimating the magnitude of the shifts from war to peace or from peace to war. It is perfectly true that we have done a magnificent job of mobilizing for war, but I submit that it has been an easy job. I further submit that it has been a pleasant job. It was certainly pleasant for those who left the ranks of the unemployed to find employment in something that had a national purpose and gave them a sense of participation. It has been a profitable job for all concerned. It has been profitable for American business. It has been profitable for workers. We have had plenty of time-and-a-half work. The average take-home pay in the war industries today is almost 100 per cent greater than it was in similar industries in 1940.

We have, as I shall show you shortly in a few slides, changed the character of the distribution of income among individuals to such an extent that I think we can safely say that there are four times as many families in the country today that have an annual income of \$5,000 a year or over as we had before the war. There are four times as many families with incomes from \$4,000 to \$5,000 a year as we had before the war, and at the other end of the income distribution scale we find perhaps only a third as many in the lowest income-receiving groups.

We should like to retain some semblance of that distribution of income. It will facilitate matters very greatly in moving into a full employment economy geared to the production of goods and services for peacetime consumption.

Presently I shall ask the operator to throw on the screen behind me a series of about twelve charts. We will go through them rather rapidly. I hope they will assist you in focusing on the general character of the shifts involved and the magnitude of those shifts. Those of you who are sitting way off to the right and the left might find at this time that it would be convenient to move in where your perspective would take in the screen, if you care to do so. While you are doing so and before we start with the slides I would like to tell you one story.

The appearance of the name Marion Hedges on this part of the program reminds me that it was really Marion Hedges' story. He brought it back from the West Coast some months ago. It concerns Mrs. O'Leary who was seen coming out of the Presbyterian Church on Sunday morning by her priest. She saw her priest just about the same time that he saw her and she knew there was no use in trying to pretend that she didn't, so she stuck out her chin, walked boldly up to him, stopped and said, "Yes Father, it is true. I have joined the Presbyterian Church." "And why?" "Well," she said, "Father, my Tim has got a job. He has got a job down at the war plant and he is bringing home \$52 every week. He is working on those anti-aircraft guns and it is the first job he has had, Father, for the last ten years. And Mary, my girl, just out of high school is working as a stenographer for the War Department and she is bringing home \$1,800 a year, and even my boy has got a job. He is working down at the Navy Yard and Father, would you believe it, they are paying him forty dollars a week?" And she says, "The Pope, what is he doing? Praying for peace." (Laughter.)

SHOWING OF SLIDES

(First slide.) Most of you will recall having seen this chart on the cover of a magazine, the *Business Week*, sometime ago. It quantifies for you what I have said about one out of every two dollars being a war dollar. The national income as represented by the gross national production plotted on this chart has grown from slightly less than one hundred billion dollars a year at the early part of 1940 to a level of approximately two hundred billion dollars a year at the level of the end of 1943. In four years' time the sum total of the value of goods and services produced has doubled.

The red segment of each bar represents that proportion of the total that was occasioned by war payments, war contracts, wages paid to workers in war plants and, as you can see, that now accounts for approximately half of the total. The green portion—going to serve you and me as civilians in terms of dollar—remains unchanged.

(Second slide.) This chart may serve to assist you in seeing the extent of the distortion that war causes in particular industry patterns, patterns which must be corrected back to a peacetime balance as we move from all-out war to peace. Please note that the scale is what these statisticians call a logarithmic scale. The very top shows 3,000 per cent, the bottom is 100 per cent. Had no change occurred between 1939 and November of 1943 all those lines would be parallel and identical with the base at 100, but you will note that employment in the manufacture of aero-engines which is represented by the curve that rises most rapidly, takes you to a point 2,914 per cent above the peace level of 1939.

In other words, 2,814 of the 2,914 workers in the manufacture of aero-engines have been added to the employment of the industries manufacturing aero-engines since the peace year 1939. Conversely, should we go back to a peacetime parity of 1939, 2,814 workers out of 2,914 workers would be laid off.

The other curves that rise most rapidly represent employment in the industries that you could probably imagine yourself; the manufacture of warships, aircraft and parts is the next one, 1,871 per cent; shipbuilding, 1,550 per cent; firearms, 1,352 per cent. Even some of the other industries that are shown in the lower group have expanded to meet wartime demands. Electrical machinery stands at 286 per cent. In other words, 186 out of every 286 workers in the industries manufacturing electrical machinery apparatus and supplies have been added to the payrolls of those companies since war began.

The manufacture of machinery to equip our war plants in November, 1943, stood at 239 per cent, the automobile industry at 189 per cent, all manufacturing industry at 170 per cent.

Those of you who picked up today's paper may have had your attention called to the General Motors Corporation's report to the nation. Employment in December in General Motors stood about 500,000, an all-time peak. The level of employment in General Motors was less than 250,000 in 1940. There are 86,000 stars in the service flag of the General Motors Corporation. In other words, the number of boys who will feel upon demobilization that they can go back to General Motors and claim their jobs number one out of every three of the peacetime employees of General Motors.

When General Motors goes back to the manufacture of its peacetime products—it is now engaged in the manufacture of wartime products 100 per cent—unless it has adopted some of the philosophy of expansion that Mr. Hoffman preached this afternoon, a pretty great expansion, it will lay off workers at the same time that it is hiring its former men who are now in the armed services. However, the net shift will be larger on the way out than on the way in.

Perhaps the report to the nation crystallizes in a fashion that we need to have impressed upon us, the problem of manufacturing concerns with respect to shift from wartime to peace. It will not do to go back to where we were before the war because in that way lies unemployment; in that way lies dissension; conflict between the armed forces who are coming back demanding jobs and those who have worked in plants during their absence; conflict between the women who have joined the ranks of workers in the last four years and men clamoring for their jobs; conflict between those over forty years of age and the younger men who will have worn the uniform.

When there aren't jobs enough to go around this unity that we have experienced and enjoyed as we focused on a national objective of winning the war, dissolves and conflicts arise; industrial disputes arise; race riots arise. They did after World War I and unless we are prepared to cope with this problem in a constructive way we will again see such conflicts arise.

We can talk as we did this morning about friendly relations with all the rest of the world, but if there aren't jobs enough to go around at home no politician could stay in power and play Santa Claus to foreign nations. The boys without jobs wouldn't let him. Therefore, the hope of world peace lies in the hope of full employment. We must devise ways and means of expanding what we knew as peacetime patterns of employment in industry to absorb all of those who will want employment when the war is over.

(Third slide.) This chart is based upon the number of wage earners and contrasts two segments in our manufacturing economy, those working on what we call munitions manufacturing and those working on non-munitions manufacturing. The peacetime balance between the so-called munitions industries, the heavy industries, the sinews of war and the lighter industries, is a balance that is shown on your left as one between 40 for the munitions industry and 60 for the lighter industries. War, however, has changed the relationship between these two segments and has greatly expanded the munition industries' component and only slightly expanded the non-munitions' component. Note again, if you will, that the manufacturing industries not engaged in the manufacture of munitions have actually shown expansion in this period. We still have butter though it has to be rationed now, and we have our guns.

(Fourth slide.) Focusing solely on the munitions' component of manufacturing industries, let's look at them. I think perhaps I had better read the titles because I don't believe some of you can make them out. The segment at the bottom of the chart represents iron and steel and non-ferrous metals. The dimensions plotted are wage earners. You can see that in the period of the war the number of people engaged in this type of heavy industry expanded from about 1,200,000 wage earners to about 1,900,000 wage earners. In other words, about 700,000 more workers are engaged in this kind of industry as a result of war expansion than was necessary in 1939.

Then we go up to the automobile industry. What was true of General Motors, revealed by their report to the nation, is also true of the other large industries in the automobile business. Machinery has expanded very greatly. That category includes electrical machinery as well as machine tools and other types of machinery. We had to expand the machinery industry in order to equip our new war plants. Then comes chemicals and explosives with a very large relative expansion.

Shipbuilding now employs about 1,700,000 workers. Prior to the war we had about 100,000 in shipbuilding. In aircraft and parts and other munitions industries we had similar expansions. Note, if you will, how the total has changed. In the period of the war the total number of workers engaged in these heavy industries has expanded from a little less than 3,000,000 to just a little less than 8,000,000. In other words, we put 5,000,000 war workers into these war plants.

(Fifth slide.) We spoke a moment ago of the fact that we have accomplished our industrial miracle not only by employing more people but by employing more people more hours every week. War has lengthened the work week. Typically, before the war we were working less than forty hours per week. Typically, now in war industries we are scheduling forty-eight hours a week and actually putting in—after allowing for illness and accidents and other types of absenteeism—a little more than forty-six hours a week. Even the non-munitions industries have extended their work week as well.

(Sixth slide.) As the result of longer hours, time-and-a-half for overtime, of increases in the wage rate for particular jobs and of the shifts into jobs that typically pay higher rates, we have a general expansion in weekly earnings of workers. The shipbuilding industry, which reaches the peak on the right-hand side, had about \$32 a week as its weekly earnings in 1939. At the present time the average is around \$64, or about 100 per cent increase in weekly earnings.

We must not, however, forget that from these weekly earnings

now are deducted income taxes paid by the employer. There are also payroll deductions for the purchase of war bonds, so that the take-home wage by reason of these financial arrangements that we found convenient is much less than the weekly earnings chalked up on the chart.

(Seventh slide.) This curve most of you have seen many times in the *Monthly Labor Review*. It appears every month and enables you to see the present pattern of employment in manufacturing industries in contrast with that which prevailed month by month over quite a stretch in the past, but I would call your attention only to the segment that describes the happenings since 1939. 1939 is the period that is taken as 100 per cent, the basic point of the chart. Since then the level of employment has risen to about 171 per cent in all manufacturing. Seventy-one workers are now working or have been added, where formerly before the war we had only 100.

The heavy curve represents the total of payrolls paid by manufacturing establishments, and by reason of longer hours that shifts into the heavy industries where wage rates are higher. Additional payment premiums for working on the night shift or the graveyard shift, and increases in wage rates themselves have taken place in the last four years, so that the payroll total rises to a level of about 320 per cent.

(Eighth slide.) This has made considerable change in the character of the distribution of our income. A few moments ago I referred to the fact that we probably have today about four times as many families who receive \$5,000 a year as we had before the war. The factual data upon which this statement is based is as of 1942. Undoubtedly the change had taken place before this time, but it is the only date that we have available to make such a comparison and undoubtedly if we had the facts the picture would still be distorted.

The red bar, as you see, represents wartime conditions. The green bar represents conditions as of '35, '36, or peacetime conditions. At the left of the chart you can see that we have now less than half as many people in the lowest income bracket as we had in the middle of 1930. I believe that this will throw some light upon the reasons for the necessity of rationing, the reasons for the imposition of price ceilings, the reasons for the measures adopted to prevent inflation. We actually have been producing more in the way of beef and butter, more in the way of shoes than we produced before the war, but putting 8,800,000 people to work who were unemployed in 1940 and expanding our war industries by drawing people from the homes and the schools has put more money in more people's pockets and consequently there are more people who are potential purchasers of roast beef and good shoes than ever before. It wasn't our liberality with our Allies and the greater per capita consumption of our armed forces necessitating this, but rather that this prosperity that we have enjoyed, this full employment that we have enjoyed for the last year gives us a pattern of distribution of income which makes for greater consumption than we were prepared to meet.

Therein, I think, lies both threat and promise for the months that will immediately follow the cessation of hostilities. We will have taught more people that they have capacity to buy. We will have taught them the things that they can buy with this money. They will have saved in war bonds and in savings banks deposits and they will want to buy as long as they are assured of employment. That is the promise that makes possible the expansion that Paul Hoffman talked about, but therein is also a threat of inflation, that purchasing power may be unleashed before we are equipped to satisfy those demands and therein lies a very potent argument for the gradual relaxation of our controls over prices and our controls over rationing. We do not want to allow the upsurge of buying that will follow the cessation of hostilities, to bring about inflation that will destroy the gains that we have made.

(Ninth slide.) In the next three charts we have attempted to quantify as best we can from available statistics the character and magnitude of the shifts in employment that we think reasonable to anticipate as a first approximation to this problem. The scheme that you see in the presentation in the charts is one that will be followed in each one of these three charts. There are pairs of bars. The black bar represents the war pattern. The bar adjoining it represents our estimate (and it

is only an estimate, but it is the best estimate we can make at this time), of the pattern that we think might be reasonable to expect two years after the cessation of hostilities.

At the peak of war we will have 11,300,000 in the armed forces, as shown by the first black bar on the left-hand side of the chart. If we expect only 2,200,000 to be retained in the armed forces, which is what is represented on the cross-hatched bar, it means that 8,800,000 men will be released from the armed forces—8,800,000 veterans who will feel that they have a first mortgage on their old jobs if they had one and a claim on any other job if there is any other job available. In manufacturing activities we expect a peak of approximately 17,000,000 or 17,500,000 workers.

It is difficult to imagine, I know, with the expansion that Mr. Hoffman urges upon us, that we will require more than 18,000,000 workers in manufacturing activities working on peacetime products. That will be two and one-half million more than we had ever had before under any peacetime year, a considerable expansion I think you will agree.

If that is the limit of employment in manufacturing activities it means that the difference represented by perhaps as many as 4,200,000 will be released from manufacturing, those who will be laid off in manufacturing and who must find jobs elsewhere or perchance withdraw from the labor market—retire in other words, go back to the kitchen, go back to the home into retirement, go back to school.

No change is anticipated in agriculture. You may want to disagree with me and I would be willing to debate that with you. In the non-manufacturing segments which I will show you in detail in the chart that will shortly follow, there will be a net expansion as we expand in trade and services, but included in non-manufacturing is a very large segment that will show contraction, namely, employment of civilians in the federal government, in the war agencies.

I prefer not to comment for the moment on the two pairs of bars that are shown on the extreme right. They show what follows as the result of certain assumptions with respect to the voluntary retirement of some 5,000,000 people in the labor force and if what we have anticipated in this pattern is all that we can expect in the way of employment opportunity, then there will emerge approximately 5,000,000 people who will be classed as unemployed.

Perhaps we will be wise enough to devise ways and means of expanding employment opportunities beyond those shown in this conversion, which is all that appears realistic at the moment, and if we are and to the extent that we are, that bar that shows 5,000,000 unemployed people will decline.

(Tenth slide.) The non-manufacturing segment which we lump together in one pair of bars is broken up into parts here. Most of you, I think, will probably rejoice to see that we contemplate that the federal government will lay off about 1,500,000 civilian workers. It had to employ about 2,000,000 civilian workers in the last two and one-half years to carry on the business of the War Department, the Navy, the OPA and WPB and all the other war alphabet combinations that we have. Those are emergency agencies and the people who are working in them have appointments that are good for the duration only. We must remember that about a million and a half people down there in Washington will be looking for other jobs just as soon as hostilities cease.

In transportation and public utilities there will be a contraction from their present swollen levels. Construction shows an expansion. We haven't built very much in the way of new residential construction in the last three years. We have built war housing of a temporary character in places that will not need housing when the war is over. If we anticipate an expansion of construction it will be merely the things that we would have done normally in the last three years. The level of construction is estimated to bring about employment of about 2,200,000.

You see, there is nothing in here that contemplates a large program of public works. Should it be decided that we would have to do what Dr. Hansen urges and put into effect a program of public works, employment in the construction industry would be expanded above that shown on this chart.

There will be some expansion in finance and services. Once

again I think you will find the insurance agent calling on you to sell you insurance. There will be expansion in trade. Once again the Fuller Brush man will knock at your door and ring your bell. Once again you may be able to get daily delivery of milk and you may be able to get back a suit you send to the dry cleaners within two or three days instead of two or three months. This segment will show a net expansion in employment opportunities but it is not enough to accomplish what is necessary to bring about full employment.

(Eleventh slide.) I am sure you will be interested in a little further detail of the character of the shifts that we see as prospective changes in employment patterns in manufacturing. The reverse of the rapid expansion and distortion in the war industries that I showed you a moment ago will take place to some extent. The first pair of bars that showed employment in manufacturing iron and steel, shows a drop of approximately 400,000 workers who will be laid off from this category of industries. In machinery you remember how rapidly that expanded during the war period. Realistically then, we must expect a rather rapid contraction in the post-war period. We anticipate that almost a million people employed in that broad category known as machinery manufacturing will have to find employment elsewhere or retire from the labor market.

The next pair of bars shows the aircraft industry, including aero engines. At its peak we may find as many as 1,900,000 employees working in the aircraft industry, manufacturing fighter planes and dive bombers and C-46s and P-40s, all war work. If as many as 200,000 are employed in that industry two years after the war a great many people will be agreeably surprised, but the difference between 1,900,000 at the war peak and 200,000 is 1,700,000 who will have to find work elsewhere.

A similar distortion has taken place in the shipbuilding industry and a similar contraction can be expected.

Now we come to some more hopeful parts of the manufacturing industry. The industries that are connected with the manufacture of lumber and furniture and furnishings for the homes and the buildings that we will construct will show expansion, but the analysis carried through rather meticulously indicates that manufacturing as a whole is due for a net shrinkage of 4,200,000. I bear on this point that it is net shrinkage, it is not gross shift, because in the period that we contract there will be a great many internal shifts. Normally the manufacturing industry shows an annual labor turnover of somewhere in the neighborhood of 75 per cent. In other words, normally in the course of twelve months three out of four people engaged in manufacturing industries change their jobs, so the gross shifts that are hidden back of this net will rise many fold.

It throws a little light upon the character and the demand that will be placed upon our Employment Service and the necessity that we should pay attention to its organization to see that that it is equipped to do a satisfactory job in the trying period that we see ahead of us.

(Twelfth slide.) This is the next to the last slide. I mention that in case anyone of you are tempted to take out your watch or look at the calendar. I will attempt to bring my remarks to a close in five minutes. According to my watch it is now five minutes after five.

A few weeks ago a general edict was given to all government officials that they were to say nothing about the termination of the war that would look like an estimate of when the war would end. This chart was drawn before that and was not drawn with the idea of estimating or convincing anyone the war was going to end at any particular time. Nevertheless, in drawing it we did make certain assumptions. I am sorry that they are placed at this time on the chart. If you would just imagine that the dates 1944 and 1945 weren't there, that instead there were big question marks there, perhaps it might meet with the approval of the OWI.

That part of the chart, however, that describes what took place in 1940, 1941, 1942 and 1943 is, to the best of our ability to make it so, historical fact and it shows the gradual changes recorded quarter by quarter as we mobilized for war; as we put our unemployed to work; as we have expanded our munitions industries and contracted our non-munitions industries. The point in time that describes what might happen when the victory over Germany is achieved is put here at the middle of '44.

By that time we will have achieved the ceiling of our war pattern and if it takes some time beyond that to achieve victory over Germany, the pattern that prevails in the middle of '44 will continue.

As soon as victory over Germany is achieved, however, we will begin to contract, to cancel war contracts, to lay off employees in war plants. There will be a drastic cutback and it will also begin a process of cutting down on the absolute number of men in our armed forces. It is expected by some that perhaps as many as two and one-half or three million fewer land forces will be needed while we continue our war in the Pacific, so we may have a curtain-raiser, if you will, of the problems of demobilization as soon as victory over Germany is achieved.

The big cutback, of course, will occur after the victory over Japan. Now the significant thing, from our point of view, is to see what happens to the red ink section (the second from the top section), the one that describes unemployment—the number of people for whom we will have no jobs in this process. I say that unless we have constructive plans to cope with this situation, the more rapid demobilization of armed forces in the early months after the defeat over Germany and the six months that follow defeat over Japan, we will see emerging a larger and larger number of unemployed each week because there will be more rapid demobilization of armed forces and war workers than we can at the moment think ought to be absorbed into expanding peacetime activities.

(Thirteenth slide.) This is the last chart and it puts space among the dimensions of the shifts from peace to war or from war to peace. The last four years have witnessed one of the largest mass migrations of people that we have ever known in this country. We are able to trace this and estimate its value too, and also estimate the location of this migration by reason of the fact that we have had to apply for a ration book if we wanted sugar and butter and shoes and groceries.

The tabulation of those ration books enabled the Bureau of Census and the War Administrator of Food to make estimates of the character of the shifts that we might expect. The location of the shipyards along the seaboard and the location of our industrial centers, also to some extent along the seaboard, have acted as magnets drawing to themselves the people from other parts of the country. The interior of the country has been sucked dry of workers. The magnitude of the migration is of the order of 5,000,000 people who find themselves living in states other than the states in which they resided in 1940 when we took our regular census.

California alone with its shipyards and its aircraft plants shows an expansion of almost 1,000,000 people. The states that are shown up as black states in the bottom chart are the states that have gained as a whole in population. A refinement of this on a county basis would show an even greater degree of concentration along the periphery along the seaboard and in the industrial centers of Detroit, Columbus, Dayton, Chicago and Pittsburgh.

When peace comes these swollen war plants, these new war plants, that never had a peacetime profit or problem, must contract. It will require time to convert to the manufacture of a peacetime product and during that time men and women will be unemployed. Provisions must be made now to take care of their needs until employment opportunities can expand in sufficient quantity to absorb them, and that, I take it, is the chief encouragement that we can take out of this situation, out of these meetings which have been arranged to focus on these problems. Moreover, it provides a contrast, ladies and gentlemen, with the situation that prevailed after World War I that gives great hope that we may accomplish our objectives this time.

In World War I, up until almost the last day of the war it was almost treasonable to talk about post-war problems. You and I don't know when this war will end but I can tell you this, that we didn't know when it was going to end the last time and it sneaked up on us as the Japs did at Pearl Harbor.

Baruch had called a conference, somewhat like this, of leaders of Industry and Labor and Government to consider problems of the day and he put on the agenda of that conference, an afternoon discussion of post-war problems.

When Newton D. Baker, the Secretary of War, received his invitation to attend he was greatly disturbed. He telephoned

President Wilson and told the President that he thought that any discussion of post-war problems would detract from the effort that was being made by the country to win the war, and President Wilson called Mr. Baruch by phone and asked him to take the subject off the agenda, which Mr. Baruch did. That, Mr. Chairman, was ten days before the armistice was signed.

Thank you. (Applause.)

CHAIRMAN BENGOUGH: In behalf of the committee I want to thank Mr. Davenport for the very valuable information that he has given us today.

The next speaker is Dr. John Childs, who is a member of the Post-War Problems Committee and a member of the American Federation of Teachers. Is Dr. Childs here?

DR. JOHN CHILDS: Mr. Chairman, according to my watch all the time has gone and it has been very well spent. I live, as you indicate, in a university atmosphere, but to enroll in the university of the American Federation of Labor is quite a strenuous experience and I think we better call it a day, at least so far as I am concerned.

CHAIRMAN WOLL: Mr. Marion Hedges has also presented a paper to us, which Mr. Collins was going to present in his behalf. Because of the lateness of the hour, if agreeable, we will publish that in the record so you will have the information from Mr. Hedges. If that is agreeable we will follow that course in the interest of conservation of time, because we have the dinner tonight and we must vacate the room so as to make the necessary arrangements.

The dinner takes place at 8 o'clock and anyone who hasn't yet made arrangements for that, please do so now, and try and get here before 8 o'clock so we may start the dinner promptly.

The session was adjourned at 5.15 P. M.

MR. HEDGES: Frequently it has been pointed out that the present war economy affords hope and pattern for a planned economic order. This is probably true. It is pointed out that we have achieved a supremely great level of production, and that we have in a few years doubled our national income and brought it to a level of about 140 billion dollars with a possibility of reaching a still higher level in the next 10 years.

From Labor's point of view, it is apparent that there are a number of things within this war framework that must be closely observed and closely adhered to if we are actually to achieve full employment after the war.

1. The goal of full employment must be fully accepted and eagerly followed if it is to be achieved after the war. Compromises on this aim cannot but bring complete failure. Already there are groups of well intentioned persons who refuse to accept full employment as a goal at all, claiming that high employment or high production are equivalent terms or terms of equal potency. The very state of manpower in the midst of war production is a negation of this latter view. As a matter of fact, we do not have full employment now, and we expect to see a rapidly falling off of employment during the next 12 months. Nearly one million drafted men are being returned to civilian life this year at the rate of 100,000 per month. Many plants are closing down. The peak of war construction has long since been reached—that is, of 1942. Possibly a net of one million men will be out of work as a result of these changes during the year 1944. This is because high production, and not full employment, has been the goal of war economy, and this will happen also in the post-war period if the general principle of full employment is not completely and fully accepted.

2. Means must be provided for accurate keeping of employment records during the post-war period. Absolute frankness and complete integrity of the reporting agencies must be guaranteed. It is common knowledge that a great deal of by-play has been going on in regard to employment during the war. Most economists and statisticians agree that government reports on the kind and extent of employment have never been factually or

realistically accurate. For example, 200 men appear at the gates of an airplane factory for employment; the personnel man of the corporation selects 50, claiming they needed 200 men, but only 50 were available. At once it is reported there is a shortage of manpower in that vicinity. However, the truth is, that the standards set up by the personnel department excluded great numbers of the applicants, creating theoretical unemployment. As a matter of fact, possibly 150 of the applicants were competent men, willing and able to work, but were turned down by the artificial standards set up by the company. Standards of competency must be made by a disinterested agency, and in addition to absolute frankness on the part of the reporting agency, there must be this positive integrity of the agency creating the standards of competency.

3. Wage rates must be modified in such wise that a high standard of annual income should be maintained for the individual worker. If the United States was operating in 1939 on a 70-billion-dollar annual income and it attains 140 to 150 billion dollars annual income in the post-war period, workers must share in this prosperity. It is not enough merely to contend that the mere added employment due to regular employment at standard wage rates, returns the worker's just share to him. This is an important point, not only for workers but for the entire citizenship. One of the controls necessary in planned economy is the ability of the workers to buy back the goods that are produced and to keep the flow of money and goods strong and healthy. In fact, the whole economy in a planned order depends upon the flow of money and goods. Nothing can be static. Every process must be dynamic, and it is well-known that if automatic controls are not sufficient to produce this steady flow of money and goods, artificial controls must be set up to effect this necessary end.

4. Another stipulation people can use to attain full employment is the achievement of flexibility in their organizations so that they can make quicker and more frequent adjustments. One case in point is the adoption of the annual wage by the building trades unions. The International Brotherhood of Electrical Workers, in cooperation with its employers in the construction field, has undertaken to adopt the annual wage as a working principle. To be sure, such arrangements are not easy to make, and offer many problems but the annual wage appears to offer both the employers and the union an opportunity to enter into many types of contracts with employers and to perform many diversified types of work.

5. Another "must" in this category fully relates to better and closer relationship between management and Labor. One of the important contributions that organized labor has made to the good of the whole community has been its advocacy of labor management cooperation. There is nothing more wasteful, more costly; nothing that levies a higher tax upon production and business than the prosecution of class warfare between Labor and management. It has no place in any economy, and it certainly has less place in a planned economy than anywhere else. It is doubtful whether democratic America can make adjustment to peace conditions, produce a national income of 140 billion dollars, make the necessary adjustments for attaining full employment, and wage constant civil war within.

These are some observations that I think are necessary to make in any conference called by Labor to discuss post-war problems.

WEDNESDAY EVENING

April 12, 1944

The dinner meeting of the American Federation of Labor Forum on Labor and the Post-War World was held at 9.40 P. M., at the Commodore Hotel, New York City, President William Green acting as toastmaster.

MR. MATTHEW WOLL: May we have order now, please? Honored Guests and Friends: Time was when Labor's voice was not only denied expression but when permitted to be articulate most often went unheeded. Today the world is dealing of necessity with Labor and labor matters, anxious to know what Labor is thinking and doing. Labor

in these years has made gigantic strides, and with it has come great power and great influence. In addition to that have come grave responsibilities.

We have been meeting here today and we will be meeting here tomorrow to give voice to our thoughts on matters that are uppermost in the minds not only of the workers of America but of all peoples of America, indeed, the peoples of the world. We are proud of the position Labor has reached in this era and, of course, with the development of the labor movement there has likewise grown the responsibility of labor leadership.

We of the American Federation of Labor are indeed proud of the leadership that has graced the movement of the American Federation of Labor from its inception to the present moment, and it becomes my pleasant duty and privilege tonight of presenting to you that symbolized leadership of the American Federation of Labor.

In presenting to you the President of the American Federation of Labor as the toastmaster for this evening there is no need or occasion for me to eulogize either his character or personality, his accomplishments or his achievements. They are all well known to you. He is a man of the utmost integrity, a man of great understanding, of keen foresight, of human considerations. I have the proud privilege and honor of presenting to you the chairman for the evening, who will first address us and then present the following speakers, President William Green, of the American Federation of Labor. (All arose and applauded.)

PRESIDENT WILLIAM GREEN: Chairman Woll, Distinguished Guests, my fellow associates in the American Federation of Labor, Ladies and Gentlemen: I am pleased to respond to the order expressed by my good friend, Chairman Woll, of the Post-War Committee, to serve as toastmaster on this occasion. I deeply appreciate the pleasure of being permitted to participate with you in such a significant and interesting meeting.

May I express my deep appreciation to all of you who have traveled, some of you a long distance, to be here and participate with us in this meeting. I don't know whether we all grasp the significance of this meeting and of the work we are doing here. I am of the opinion that it marks an era, a forward step in the progress of the American Federation of Labor, and the decisions made by the committee who presented their report to you are significant and impressive.

They have worked hard over a period of time in the preparation of this report. It was not conceived or formed or framed yesterday, but represents months of study, months of thought, months of examination and months of analysis of the existing situation. I want to express my deep appreciation as the President of the American Federation of Labor and for you and the six and one-half million members of the American Federation of Labor—our thanks and our gratitude to Chairman Woll and all the members of the committee for the splendid, constructive, fine piece of work which they have done. (Applause.)

The people of the United States, along with their Allies of the United Nations, are today fighting for the protection and maintenance of a heritage for which free men have fought and worked for centuries. The war in which we are engaged must be won at any cost but just as victory is our primary war objective, the establishment of lasting peace must be our primary and first post-war purpose. That lasting peace is a desirable goal is generally and well nigh universally conceded. Men and women everywhere yearn for the realization of the day when the people of the world may be possessed of a sense of security; when the threat of war may no longer disturb their state of mind and when the shadows of impending conflict will no longer hover over the homes and homelands of people everywhere who are moved by a consuming desire to pursue the pathways of peace.

Is such a social and political state within the realm of possibility? Can peace and a good neighbor relationship be estab-

lished in its broadest terms throughout the world? Can we find a better way to settle controversies and disputes which arise between nations than through resort to war? Are periodical and recurring wars to be the fatalistic experience of mankind through all the ages which are to come? Is there a better way than the old way over which the human race has traveled for centuries?

Answers to these questions must be made by those who participate in peace negotiations at the close of the existing, tragic war. Those who allege that there is no better way than the old way, who affirm and reaffirm that there will always be wars as long as humans inhabit the earth, who insist that war is a normal and recurring manifestation of human nature, disregard and ignore the vital principles and teachings of religion as well as the educational, constructive, and scientific achievements of world civilization. War springs from the savage instincts of mankind while a desire for peace and peaceful processes find their origin in the spiritual and intellectual forces of human life. We may well ask ourselves whether thousands of years of experimentation in civilizing processes have failed. Is the savagery of the dark ages to be maintained? Must the genius, the intelligence, the skill, the training and the accumulated scientific knowledge of the human race be concentrated in an effort to produce the instruments of wars of destruction or shall the world concentrate and devote its energies toward the establishment of security and peace and progress?

I know the heart and mind of Labor. The workers of America call for constructive thinking and decisive action and insist we must find a better way. They demand representation at the peace conference so that their voice can be heard in support of the better way. The establishment of a sound, broad, unselfish plan of international collaboration—designed to establish a deep and abiding sense of security at home and abroad and the settlement of international disputes through the utilization of Twentieth Century civilized and intelligent methods, ought to be—should be and must be formulated at the peace conference.

Labor is prepared to make its contribution toward the realization of this objective. Those who are here participating in this important and significant conference must interpret the report of the A. F. of L. Post-War Committee which is now being distributed as evidence of this fact. Those who negotiate the peace must lay a sound foundation based upon good will and justice if an enduring superstructure of international cooperation is to be permanently built. Lasting peace must rest upon economic and social justice and must apply to all peoples throughout the world. In connection with this important principle I quote from the report of the Post-War Committee as follows:

"The program for the prevention of war has already been set forth in the Four-Nation Declaration signed by the Governments of the United States, the United Kingdom, the Soviet Union, and China; 'that their united action, pledged for the prosecution of the war against their respective enemies, will be continued for the organization and maintenance of peace and security. That they recognize the necessity of establishing at the earliest practicable date a general international organization, based on the principle of the sovereign equality of all peace-loving states, and open to membership by all such states, large and small, for the maintenance of international peace and security. That for the purpose of maintaining international peace and security pending the reestablishment of law and order and the inauguration of a system of general security, they will consult with one another and as occasion requires with other members of the United Nations, with a view to joint action on behalf of the community of nations.' The substance of this declaration was incorporated into the (Connally) Resolution of the United States Senate on post-war policy. Steps should now be taken to insure the speedy realization of these plans."

The report of the American Federation of Labor Post-War Committee presents in consecutive order steps which should be taken in order to win the peace and to establish security, to destroy the fear of future wars and to formulate a plan for the settlement of disputes which arise between nations in accordance with modern civilization.

How can this be done? That is the key question.

The report drafted by the Post-War Committee of the Ameri-

can Federation of Labor provides at least the framework of a satisfactory answer. I regard this report as a memorable document in world history as well as in trade union affairs. I am proud of the fact that the American Federation of Labor has assumed a position of constructive leadership in matters of such great moment to the human race. The common people of our country, as represented by our great Labor Federation, are speaking up and making their voices heard on the vital issues that so closely and fundamentally affect their welfare. Their voice tells clearly and powerfully the story of Labor's deep and abiding concern for lasting peace in the preamble to this report. Permit me to quote the opening paragraph:

"The American Federation of Labor believes that war among the nations waged by the modern engines of death and destruction is the supreme enemy of the well-being of the common people of the world. We recognize that our own movement of organized labor—a movement which is the product of the long struggle of workers for economic and social democracy—has no future of promise in a world living under the threat and burden of war system. We consider that the elimination of war as an instrument of national policy is a condition essential to the perpetuation and the further development of our democratic way of life."

There are the inescapable facts! How can we plan and work for the improvement of our way of life and living, step by step and inch by inch, with any degree of security or any hope of success when two or three criminal dictators are permitted to plunge the world into war and wipe out whole generations of progress almost over night?

The report of the American Federation of Labor's Post-War Committee does more than pose the problem. It provides specific approaches toward its solution. With these I am in whole-hearted accord.

It is obviously imperative that the Great Powers among the United Nations set up a temporary commission to deal with territorial and political adjustments in coherent timing with the advances of our armed forces through domains formerly occupied by the enemy. Unless such temporary machinery is established, unilateral action and arbitrary rulings may cause needless dissension and distrust among the United Nations and jeopardize our prospects of building a practical and permanent organization for the administration of international justice when the war ends.

Such a suggestion as this will no doubt be regarded as shocking to those who are isolation-minded—to those who still disregard the changes which have taken place in international and national relationships. Science, transportation and commerce between nations have abridged the barriers of time and space which used to separate the peoples of the world and have underlined the fact that no man—no nation—can live to himself or to itself alone!

War among neighbor nations must be the concern of all nations. It cannot exclusively be confined to the place where it originates. There is something mysterious and indefinable about it—it spreads—it involves other nations. Some are brought in notwithstanding they may try to remain aloof and assume an isolationist attitude. If we in America are to be saved from war we must join with other nations in removing the causes of war and in preventing other nations from engaging in war. It is my firm conviction that in order to accomplish this purpose we must apply a simple rule which Labor has learned to follow in the settlement of disputes which arise between employers and employees. The principle of this same rule should be applied in the settlement of disputes which arise between nations.

Conferences and conciliation are the first steps which should be taken when an international dispute occurs which cannot be settled through direct negotiation. Those who have experienced in the use of this method know something about its value. A conciliation agency can be set up, available for use and ready to serve when negotiations between nations reach the breaking point, where it becomes clear that a settlement of differences cannot be reached through direct negotiations—to serve in the atmosphere of a neutral zone where men especially qualified as conciliators, can bring the representatives of the contending nations together and through conciliation and per-

suasion bring about settlements which are acceptable and satisfactory.

I possess a deep sense and appreciation of the value of conciliation as a means through which a large number of disputes which arise between contending forces can be honorably, justly and fairly settled. Such a conciliation agency, however, should be supplemented by a world court to which disputes not otherwise adjustable can be referred for judicial review and judicial determination. All of this, however, should be supplemented by the creation of an international organization armed with police powers. Such action would be in line with human experience both in the domestic and international fields. Home security in the domestic field is guaranteed through the service of a community police force which accords protection against those who know no laws except the law of force. It is of the highest importance, however, that a permanent organization with an international police force, created for the purpose of maintaining world peace when the war is won, must not be the exclusive instrument of four or five powerful nations but instead must be established by the common consent of all the free nations in the world.

These are the bare essentials of the post-war international order which the American Federation of Labor proposes. There are many more vital measures, both of a temporary and permanent nature, which require immediate attention and action.

Outstanding among the temporary programs is that of the United Nations Relief and Rehabilitation Administration which will need world-wide support in its great humane task of assisting the impoverished and oppressed peoples of several continents to get back on their feet again and make a new start.

Our long-range planning must seek out and extirpate the basic causes of war, particularly the economic and social hungers which exert dangerous pressures on the peace of the world.

I hope that the International Labor Organization can be strengthened and fortified as an instrument for raising standards of work and living throughout the world and as a vigilant protector of the basic rights of working people everywhere.

A similar organization should be established to deal with problems of health, education, and social welfare.

Finally, in the field of commerce and finance, international machinery is required to deal with currency stabilization and foreign exchange, to restrict cartels, to explore the problems of access to raw materials, to regulate foreign investments and to deal with international transport and communications, by land, sea, and air.

At this point I can hear our still unreconstructed isolationists in America exclaim: "But that is sheer internationalism!" Yes, it is internationalism—internationalism with a vengeance; vengeance against the forces which seek to wage wars; vengeance against the forces which seek to perpetuate the bonds of oppression, intolerance, ignorance, disease and poverty which have chained human beings through the dark ages of history to miseries which they need no longer endure.

But it is not the kind of internationalism which Americans nor any other free people need fear; not the kind of internationalism which will restrict us or prevent us from trying to make our own country a better place in which to live; not the kind of internationalism which will impoverish our children and doom them to slaughter in future wars!

We are incurring heavy debts in this war, moral and monetary obligations of fearful proportions upon ourselves, upon the brave young men who are fighting the enemy and upon future generations.

There is but one way in which we can discharge our obligations and help to render the burden we bequeath upon future generations less onerous—that is to rise to new heights now, to subordinate hate, feeling and passion, and to substitute therefor good judgment and common sense. We must be firm but just in dealing with those who must be punished when the war ends—be generous, fair and tolerant in dealing with the people who live in the subjugated lands and in the negotiation of a peace which will serve to create a feeling of security in the minds and hearts of all mankind. (Applause.)

PRESIDENT GREEN: And now I am especially proud to present to you one whom I regard as a very dear friend,

a man possessed of the highest degree of honor and integrity, a great humanitarian. The American Federation of Labor has always found him to be a true and sympathetic friend of our trade union movement.

In recent years I have frequently called upon him for assistance in making it possible for victims of Axis oppression to find a haven in our country. I am gratified to report to you that he has always given such requests sympathetic attention. Through his intervention many distinguished leaders of Labor in the oppressed countries of Europe have been saved from torture and execution and will be ready and available to rebuild the democratic labor organizations of Europe after our victory in this war.

He is an expert on international law, a profound scholar of international problems. I am certain Secretary Long, whom I will present to you, will have an important message to bring to you. It is with a feeling of real pride and pleasure that I present to you the Hon. Breckinridge Long, Assistant Secretary of State. (All arose and applauded.)

HON. BRECKINRIDGE LONG: Mr. Chairman, distinguished gentlemen, members of the American Federation of Labor: It is with a solemn understanding of the significance of this meeting and of the forward-looking undertaking of this Post-War Forum that I address this gathering tonight. I bring the best wishes of Secretary Hull and give expression to his hope that your deliberations will be highly productive not alone in the nature of the conclusions to which you may come but in the success they may promise for the realization of a stable peace and for a better world.

It is a matter of solid encouragement that an organization such as the American Federation of Labor, which has done so much to stimulate the conscience and actions of mankind in behalf of human welfare, and which has so consistently recognized that the human element is not a simple matter of local or national concern, is directing its energies toward seeking solutions for post-war problems.

The post-war world presents in prospect many vistas which have a present interest and which hold forth a promise of political stability and economic prosperity—but there will be no realization of those promises unless we win this war—and win it completely.

Victory in this war cannot be reckoned merely in terms of a successful repulse of the enemy. Our victory must mean complete destruction of Fascism and Nazism and the obliteration of every vestige of the vicious movement which set out to destroy, all over the globe, the very foundations of freedom and democracy. And this includes the Axis partner, Japan, and its brutal attempts at domination. All the power of this nation is directed to that end. That is the reason the full diplomatic power of the United States has been and must remain committed to support in every possible way the armed forces in attaining their military objectives to the end that the enemy may be completely overcome as quickly as possible. Our diplomatic activity is to be judged primarily by the standard as to whether it will be of maximum effectiveness in winning this war by promoting allied cooperation to that end. Thereafter it will be judged by the measure of cooperation it has achieved among the peacefully inclined nations of the world and the success it may achieve in collaboration with them in laying the basis for a peace of political security and economic well-being.

Of fundamental importance in such an undertaking as the waging of this world-wide war is full cooperation among our Allies; and that has been a primary objective of the wartime foreign policy of the United States. Through our diplomatic activity we have developed a very close and satisfying cooperation with our Allies against the common enemy. That does not mean we have each seen each detail with the same eye, but it does mean that we work and fight in unison, that we are united on all-important policy, and that we are all determined to fight it through to complete victory.

Occasional instances, in the kaleidoscopic changes of events,

in which in some detail there may not have been full concert of action between great allies have been fully discussed in public while the continuing coordination and cordial cooperation in the common effort, which is the basic fact, is frequently overlooked even though it be essential to victory. No one supposes that by signing the Atlantic Charter, the Declaration of the United Nations, and the Moscow Declaration that the signatories disposed of all the details of their multiple relationships. The important fact is, however, that they are in harmony as to their general objectives and agreed on as to how to achieve them. It is easy, particularly under the stress and worry of wartime conditions, to magnify some problems out of all proportion to their real merit in relation to the attainment of military success.

We are approaching the time when the allied military operations against Nazi-Germany will bring about the liberation of those nations which have been so long and so tragically under its brutal domination. We shall carry with us into those ravaged territories our deep and abiding interest in the restoration of individual liberty, of popular institutions of government, of freedom of worship, of speech and of the press, of right of assembly and of all the rights and privileges of free peoples. In keeping with the provisions of the Atlantic Charter and in line with our own devotion to democratic principles, we intend to take no action which will in any way interfere with the free and untrammeled choice by these nations of the officials and the governments under whose authority they wish to live. We will not permit the armed forces of this country to be used for the support of any group or any government contrary to the will of the people. We intend to do everything we can toward encouraging and assisting these liberated nations to shape their own destinies and to develop their own way of life. We intend to make our contribution toward aiding them to recover from the political, moral and economic prostration into which they have been plunged by the ruthless enemy.

For effective prosecution of the war there is need that all peoples now submerged under Axis invasion use all their energies to resist the invaders and thus speed the day of their own liberation. Internal political controversies inevitably weaken the war effort. We have consistently urged that they not be permitted to impair the war effort.

Such a situation, for example, has existed in Yugoslavia. Even beneath the heel of Axis occupation, that country, formed of many races, has fallen into divided councils. These divisions have seemed to us tragic in themselves and calculated only to benefit the common Nazi enemy. Our policy has been to endeavor to bring these elements into sufficient harmony so that they can make a common front against a common enemy. We are, meanwhile, cooperating in furnishing arms and supplies to all Yugoslavs who are fighting the Germans.

A similar tragedy almost occurred in Greece. Happily it was averted by common effort of the Allies. The differences have, for the time being, been composed. Political questions have been set aside for orderly solution when time permits, and energies are pooled for the common struggle.

Sometimes the objective is not achieved. Finland is a case in point. Finland, an ally of Nazi-Germany, seems unfortunately to be choosing a course of action very different from what we desire. We have made every effort to induce Finland to terminate her ill-chosen association with Germany. We have emphasized to her the consequences which must flow from a continued participation in the war on the side of the enemy. We have repeatedly made clear to her that responsibility for the consequences of continuing her association with Nazi-Germany must rest solely on the Finnish Government, just as, in the case of Germany's other satellites, the responsibility for remaining in the war on the side of our principal enemy must rest solely on them.

The American people need have no fear that the American point of view is not being vigorously and effectively presented on every occasion where our immediate or long-range interests are involved. These problems are solved, in consultation with our Allies, in accord with the controlling purpose of unity in the war effort and in keeping with the fundamental principles of democratic philosophy.

The diplomatic power of the United States is the servant

of American foreign policy. There is an inclination to confuse the two—but they should be distinguished. Diplomatic activity is particular action taken in the application of foreign policy to a specific situation, while foreign policy itself is general in character.

American foreign policy is a composite of many factors and influences. The principles of social justice, individual liberty, orderly democratic government and fair play which compose our political philosophy are the spirit of that policy. These and other principles well known to every American are part of our foreign policy because they are a part of America. Whatever else it contains, it must always reflect the doctrines, philosophies, aspirations and practices of the American people.

Our success in the working out of these principles will, of course, vary with time, place and the exigencies of military necessity. However, this government will give representation abroad to the ideals of America and, within the limits of the principle of self-determination, encourage democratic practices in liberated countries.

I have emphasized the dominant part that the war, and its winning, must play in the application of our current foreign policy. But essential as is the total defeat of the Axis, that is not and cannot be the sole great objective. There are two others with which American foreign policy must be concerned—the prevention of future wars, and the promotion of conditions which will permit our people to attain the greatest possible measure of economic well-being.

I should like to speak briefly of our preparations for the future in these two broad fields; of the establishment of an effective system of international peace and security, and of the creation of conditions and agencies for the promotion of economic and social welfare.

For some time the Department of State, in cooperation with other agencies of the government, in collaboration with individual members of the Congress and in consultation with individuals of experience in private life, has been engaged in studying these questions and in formulating the bases for constructive programs of action.

A thorough analysis of the mistakes of the unhappy past, a study of current developments, and an examination of future possibilities have led us to the following conclusions as regards some of the basic problems involved in the future prevention of aggression and war:

1. The major nations, together with the other law-abiding states, should create an international organization for the maintenance of peace and security.

2. The major nations—and in due course all nations—should pledge themselves not to use force against each other or against any other nation, except on the basis of arrangements made in connection with such an international organization.

3. Each of the major nations, and any other nations to be agreed upon, should accept special responsibility for maintaining adequate forces and for using such forces on the basis of arrangements made in connection with the international organization, to prevent or suppress all disturbances of the peace.

Our basic thought is that a general international organization of sovereign nations, having for its primary objective the maintenance of peace and security, should comprise effective agencies and arrangements for the pacific settlement of international controversies; for joint use of force to suppress disturbances of the peace; and for fostering cooperative effort among nations for the progressive improvement of the general welfare. The organization should at the outset provide the indispensable minimum of machinery of action and should be expected to develop and grow as time goes on and as circumstances may indicate to be wise. It is clear that there must be some general body on which all member states will be equally represented to serve as a world assembly of nations. There must be a court of international justice, and there must be a small body or council, representative of the large and small nations, endowed with adequate powers and means to arrange for maintaining the peace.

The step in the direction of creating an effective general international organization was taken at Moscow. The Four-Nation Declaration signed there constitutes a solemn declaration of intention on the part of the four major countries to act in

common for the preservation of peace and security, and to take the lead in the establishment of a permanent international organization for this basic purpose. The next step had to be a joint examination of the problems involved in setting up such an organization.

Our studies in preparation for discussion with other governments, which were well advanced before the Moscow Conference, have been intensively carried forward since. They have involved a careful examination of the various alternatives with respect to the structure, powers, and procedures of an international organization. They have involved also an examination of our constitutional processes as regards participation by this country in the creation and functioning of such an organization, including especially the providing of armed forces for international action.

The next step involves additional conferences with representatives of both parties in the Congress and thereafter a full exchange of views with other governments and, in accordance with our constitutional provisions, discussions at home—all looking toward an agreed proposal for an effective international security organization.

At the same time our thoughts have been on the other related question, that of economic security.

International cooperation is as important in one field as in the other. This is not the occasion to undertake an extensive discussion of the broad question of economic collaboration, but I do wish to stress the need for collaboration in this field as well.

Events have lifted one fundamental aspect out of the realm of speculation and controversy. The economic interdependence of nations is no longer a theory but a well-substantiated fact. The economic and social policies of one nation exercise influence on the economic and social conditions of other countries. This phenomenon of international relations leads to one basic conclusion. National and international economic policies should be formulated with a recognition of the basic and permanent interests of all peoples. These policies should be designed to promote, as widely as possible, full and productive employment under conditions favorable to the physical and moral well-being of the worker.

Under present-day conditions, all nations are vitally dependent on each other as regards their economic and social well-being. The state of employment, distribution, and living conditions in our country and in every other country are mutually interdependent. The welfare of every country therefore requires the greatest practical measure of collaboration between nations on policies affecting the production, distribution, and use of the world's goods and resources. I need hardly underscore the fact that no group has a larger stake in both the economic and social security aspects of post-war economic cooperation than has Labor. The reduction of the barriers to an expansion of mutually profitable trade after the war will be needed in order to open opportunities for work for millions now employed in war production and millions now serving in our armed forces.

In the field of international cooperation directly affecting the interests and problems of Labor, we are fortunate in already having an international organization with 25 years of experience—the International Labor Organization. In this field we do not have to wait for the establishment of a suitable vehicle.

A few of those present tonight working and planning with others assumed responsibility in the movement which led to its establishment. I refer to Mr. William Green, Mr. Matthew Woll, and to Prof. James T. Shotwell, who was not only collaborator in the movement but its historian as well. Another in that group also here tonight is the distinguished Minister of Great Britain, Mr. Harold Butler. Without the unremitting labors of these able and forward-looking men—always remembering as one of the leaders of the whole group, the late Samuel Gompers—there might not be an I.L.O.

But there is! And it is fitting in this connection to recall that one of the most important steps—if not the most important—which this country took during the inter-war period toward assuming its rightful place as an active member of organized international society was taken in 1934 when President Roosevelt, pursuant to a joint resolution of the Congress, accepted membership for us in the I.L.O. It is commonly acknowledged today that the establishment of that organization

marked one of the truly significant milestones in the history of a social progress.

It has a value today of particular importance, when some persons are skeptical about the possibilities of world peace through international organization. I suggest that such persons study the history of the I.L.O. At the time of its inception there was hunger, misery, and serious disorder throughout Europe. President Roosevelt, referring to its origin, said of it later, "To many it was a wild dream." The dream carrying hope to those who could hope has justified the confidence of its founders and become an outstanding demonstration of the effectiveness of men of many nations when determined to do so to work together for the good of all. It is an inspiration to those who believe that the mind and heart of man can solve the problems of mankind. (Applause.)

PRESIDENT GREEN: Mr. Secretary, may I express to you my own deep appreciation and the appreciation of this splendid audience for your visit with us this evening and for the inspiring address which you delivered. (Applause.)

Now we have something additionally fine for you. I am happy, indeed, to be privileged to present to you one who has made his mark in life and has distinguished himself in the field of education and in the field of international analysis.

Mr. Harold Butler comes to us tonight for the purpose of bringing to this gathering an inspiring message. He was an honor student at Oxford, England. He entered civil service and later was a member of the first group which set up the International Labor Organization. He served with Albert Thomas and became Director upon the death of Mr. Thomas, resigning in 1938 to become head of Nuffield College, Oxford University. But he came back to Washington in 1942 to serve as His Majesty's Minister of Information.

I am pleased to present to you the Hon. Harold D. Butler. (Applause.)

HON. HAROLD D. BUTLER: I am very happy to be once again the guest of the Federation. I have enjoyed its kindness and hospitality on many previous occasions and I am delighted to meet so many old friends again. My first contact with the Federation was in 1919 when I first had the privilege of meeting Samuel Gompers in Paris. He presided over the Commission of the Peace Conference which drew up the constitution of the I.L.O. and may therefore be regarded as one of its founders.

I was always greatly impressed by his striking personality as I was by the personality of another great figure in the history of your Federation, Andrew Furuseth. He, too, I met in Paris for the first time and came to have a great respect for him as I knew him better in later years. He always seemed to me a very fine character, one of the most single-minded men I have ever known.

Then on many subsequent visits to America, where I was, among other things, your guest at the annual convention at San Francisco in 1934, and at a meeting of your Executive Council in Miami in the following year, I learned to know and admire your present president, Mr. William Green, who has led the Federation with such success through so many difficult years. It therefore gives me particular pleasure to be here tonight and to add my tribute to the report presented by Mr. Matthew Woll on behalf of your Post-War Planning Committee. If I may say so, that report is a very fine piece of work, which has made a very notable contribution to the discussion of the problems of peace. No one is so interested in peace as the common man; without it his whole existence is in constant danger and disruption. It is impossible to build up a progressive standard of life except in a world which is free from war. I whole-heartedly agree, therefore, with the report when it says that "war is the supreme enemy" and that unless the nations organize for peace as they did for war, any hope for prosperity and social justice is likely to be frustrated.

After the last war it was generally believed that the objectives laid down by President Wilson would be achieved because

the war had been won and because the League of Nations had been set up. Most people were under the illusion that the war which was over had really ended war and that as the Kaiser had been eliminated the world was safe for democracy. Both these assumptions were tragically wrong. The victorious nations began to disarm in the belief that armaments were no longer needed and the pressure for disarmament reached its climax at the Disarmament Conference in 1932, just as the Japanese had begun to attack the Chinese at Shanghai. The fact is that disarmament can only come when nations have sufficient confidence in each other to feel sure that armaments are unnecessary. In North America neither the United States or Canada has felt any need for armaments against each other for more than a hundred years, because each had complete confidence in the other's intentions. When that state of affairs exists in other parts of the world, disarmament will become not merely possible but inevitable.

Until that time arrives, however, we have to make quite sure that we have the power to stop war, and as Mr. Hull said, "An international organization to maintain peace and to prevent aggression . . . must provide for the maintenance of adequate force to preserve peace, and it must provide the institutions and procedures for calling this force into action to preserve peace."

As for democracy, instead of being finally and permanently established as the ruling principle of political life throughout the world, as was generally believed in 1919, it lost more ground in the next 20 years than at any time since the American and French Revolutions. In country after country new forms of personal or party tyranny sprang up. At Geneva I saw the trade union movements of one country after another, beginning with Italy and going on to Germany, and then to other smaller countries which fell under the Fascist domination, being throttled or suppressed. Their leaders, many of whom I knew personally, were thrown into prison and many of them have suffered the death penalty for their loyalty to trade union principles. If freedom and democracy are to be restored to Europe, the restoration of free trade union movements is an essential part of the process.

But there is one other essential part on which the statement of the Federation rightly lays great stress when it says that "the growth of freedom throughout the world depends on the growth of the public conscience, without which laws and international agreements are of no avail." That statement goes to the root of the matter. Peace and progress and social justice depend in the last resort on the determination of peoples everywhere to secure these objectives. Without vision the people will perish, but the lead now given by the American Federation of Labor will be a great source of encouragement to all those who look to a better future. (Applause.)

PRESIDENT GREEN: Please accept my thanks, Mr. Butler, for the fine address which you delivered this evening. We assure you we all deeply appreciate your presence here and your message.

Now I have discharged my duties as toastmaster. I have completed my work and I will turn the meeting over to our good friend, Chairman Woll, for announcements. Chairman Woll. (Applause.)

MR. MATTHEW WOLL: We have had a very interesting program on the first day of our conference and I am sure the second day will not only be equal but I think will surpass even the interest of the first day. Tomorrow morning the session will open at 10 o'clock on the subject of "Social and Labor Progress." We do want everyone to be in attendance at that time, and bring your friends with you.

In the afternoon the subject will be "Free Labor and Free Enterprise in the Post-War Period." We hope all of you will attend that session. Then tomorrow evening we will have a business session, and likewise a most constructive and interesting discussion by the Right Rev. Msgr. John A. Ryan and another by War Production Chairman Paul V. McNutt.

We hope that all of you will be present at all of these three sessions, and with that announcement we bid you all good night and thank you for coming here this evening.

Adjournment at 10.55 P. M.

THURSDAY MORNING

April 13, 1944

The fourth session of the American Federation of Labor Forum on Labor and the Post-War World convened at 10.20 A. M., at the Commodore Hotel, New York City, Miss Agnes Nestor, Director of the Research Division, Glove Workers' International Union, presiding.

MR. MATTHEW WOLL: The subject for discussion this morning is "Labor and Social Progress," as noted on your program, and the presiding officer this morning is Miss Agnes Nestor. Miss Agnes Nestor is an old friend, an old associate, an old comrade in faith in the movement. She is the Director of the Research and Educational Department of the Glove Workers' International Union, and I have extremely great pleasure in presenting to you the chairman for this morning, Miss Agnes Nestor. (Applause.)

CHAIRMAN AGNES NESTOR: Mr. Woll and Friends: Considering that we have a woman speaker on the program this morning and that you have a woman chairman, it might be well to review briefly women's work in wartime.

They have responded to the war needs. The employment of women has been steadily increasing and in March, 1944, the number of women in the civilian labor force stood at 16,880,000, a figure 610,000 above March, 1943. It is believed the peak of women employment has been reached, with declines expected unless vigorous recruitment efforts are made. We must insist this continue on a voluntary basis.

It is interesting to view the age groups of women who have gone into employment due to the war needs.

From the ages of 14 to 19 there is a half-million over the normal labor force, and this group includes the young workers who have left school in such large numbers to enter employment.

From 20 to 24, and 25 to 34, few additional women entered employment above the normal labor force. This is due to two facts—the work rate of this group is normally high and it also includes the young mothers who cannot leave their children. From 35 to 44 we have the bulk of the emergency wartime workers—one-half million over the normal labor force; from 45 to 54, one-third million over the normal force; and between 55 and 64, one-quarter million over the normal number. Over 65 years, 50,000 additional women were employed. This work experience was taken from a typical month, April, 1943. Women have also joined the WACS, WAVES and other military service groups.

While estimates of needs for the labor force among women were being made prior to January, 1944, they had to be changed, so we do not know now what the needs for coming months will be. The needs are changing with the changes in warfare.

Shipbuilding for women wage earners has increased 10 per cent. In March, 1942, one-half of 1 per cent were women in the airplane industry; this has gone up to 40 per cent.

Requirements are different today than they were two months ago. It is less in some cases and has increased in others. For instance, the landing craft pushed up from January to July; Radar and the Super-Fortress B-29 are increased. The needs will depend upon the war needs as our plans develop or change in warfare.

Mr. Ernest Bevin, Minister of Labor in Great Britain, stated in 1943 that he had calculated in 1940 it would take three women to do the work of two drafted men in industry. In fact, however, the remarkable response of the women, coupled with improvements in production technique, has resulted in being slightly the other way—two women in 1943 doing almost as much as three men in 1939. As a result, total production in 1943 is nearly double the amount of the estimate made in 1940.

This same experience might be found in some of our American industries.

What about the wages of women? They are not as high as many would lead us to believe. Our latest Illinois report for the establishments covered gives men an average of \$52 and women \$30.54, and this is said to be an all-time high, the highest record in 22 years.

We have been trying to establish equal pay for equal work, and while it is agreed as a standard by many of our government agencies and departments it is far from being in effect generally. The most effective way to secure this is by having it written into the trade union agreements, and many organizations have it in their agreements as part of their trade union policy.

For groups not protected by a trade union, we have been trying to secure this for them through legislation. Michigan has such a law; Illinois passed one in 1943 but it was not to become effective until July 1, 1944. Possibly the legislators thought that by that time the war would be over and the law might not be as effective as during wartime. The state of Washington passed such a law, and New York has just passed a law, so progress is being made with this legislation.

This issue is not new but it comes to the fore very sharply during the war, with so many women doing the work formerly performed by men. We do want to maintain wage standards while the men are away and it is only fair for the women doing the work to get the same pay for the same work. This issue will not disappear after the war; it will continue to be pressed in agreements and by law.

In World War No. 1, the Chief of Ordnance, United States Army, issued General Orders No. 13 in November, 1917, setting up labor standards which included the 8-hour day for women, and at that early period recommended that the Saturday half-holiday should be considered an absolute essential for women under all conditions. Other standards were set up.

England in that war had experience with the long working day. That experience is well known. The government found production decreasing and appointed a Royal Commission who found that due to the long working hours the health of the women was impaired and a lowered reduction in output resulted. They recommended reducing the working hours for women, and this was done.

We had the knowledge of that experience during that World War No. 1 as well as experience in production studies in our own country, so our government acted to safeguard its men and women doing war work, and standards were fairly well observed during that period.

In this war it has been very different. In July, 1942, the eight important agencies and departments of the government concerned with war production—the Army, the Navy, the Maritime Commission, the Public Health Service, the Manpower Commission, the War Production Board, the Commerce and Labor Department—through their representatives issued their Recommendations on Hours of Work for Maximum Production, recommending the 8-hour day, 48-hour week, and 6-day week as conducive to the highest output when employees must work under pressure for a long period of time.

This gave us great hope that the early movement following Pearl Harbor to relax and suspend labor laws, particularly for women, would be halted. However, this did not happen and little attention seemed to be paid to these recommendations on the part of the states. Many employers, due to reduced production, have returned to the short week.

We have a task ahead. Wartime relaxation of labor laws for women have brought back the long working day and even the long working week. While the Manpower Commission has issued their 8-hour day and 48-hour week schedule for workers, in certain areas the hours far exceed 48. The day has been lengthened to 10 hours for long periods of time, and in some places the 9- and 10-hour day is the regular working schedule, with a 56- and 60-hour week and even the 1 day rest in 7 laws have been violated. These practices not only threaten our legal standards but also war production. There is a danger, too, in setting up wartime practices that, while they are for the duration only, may continue when the emergency is over.

We have had an experience in Illinois in the relaxing of our women's 8-hour Law at the suggestion of the Director of Labor

of that state. The legislature passed the Relaxation Law in 1943 and now the Director is complaining that employers who were allowed the longer hours continue these hours beyond the 10 weeks allowed and in a recent statement said, "We cannot let management run wild with the law." Even the Director finds it difficult to control. I am glad to tell you that our labor group in the A. F. of L. opposed the suspension or relaxation of these laws.

In a recent pamphlet issued by the Women's Bureau on "When You Hire Women" the recommendations on hours of work made by the eight government departments and agencies is reviewed as the standards needed for production and the health of the workers. They add this: "Chronic fatigue among women is reported to be increasing."

We have the reports on absenteeism concerning those needing war production. A study made by the New York Department of Labor in August, 1943, pointed out that where the 5- and 5½-day week prevailed fewer absences were found, and especially among women, where the rate was higher than men. In that shorter week they were absent only every 15th day, while in the 6- and 7-day week it was found they were absent every 9th or 10th day.

Women have many home responsibilities and with the 6-day week there is no time to take care of these. Time has to be taken off. Then, too, illness is a cause and after a long period of long working hours this might well be expected. The Division of Standards has a recent pamphlet on absenteeism and they give testimony of employers who have gone to the shorter day and week and in this reduced the absenteeism. Aircraft is about to try an experiment of the shorter week to allow time off and we hope that the hours taken off the week will not be added to the day, which will not meet the problem.

It is time we press for the standards issued by our eight government departments and agencies. Certainly their recommendation in the interest of production should be heeded.

Will the women lose their jobs after the war? That is one of the questions asked by so many now. We do not know just what will happen but the women will be caught in the dislocation that will follow the war because so many of the war jobs they have taken will cease and they, like the men, may face a difficult period.

One thing we all agree to—that the men returning from their military service, if they are willing and able to take their former jobs, must be given the jobs they left, or other jobs. That is due them. Many women because of economic needs will continue work. Some having worked for the first time and learned new skills may want to continue working and they should have that right if they are able to do the work and competent to fill the job.

There are surveys being made by groups trying to determine how many women who are now employed in war work are likely to stay in industry.

Maybe the cut-back—or production readjustments as the government prefers to call it—in St. Louis in five plants may be a good sample study: 10,000 women were laid off; of this number 5,500 found jobs in the area (3,500 in non-essential—2,000 in essential industries); 4,000 did not find employment in the area; 2,000 went back to their homes; 1,500 are looking for work in the area; 500 left the area.

The 20 per cent who went back to their homes indicates that 80 per cent may stay in the labor market.

We are asking special consideration for the women under Social Security. We want the age for women to receive benefits reduced to 60. Wives are usually younger than their husbands and if they are to share in the benefits intended they should not have to wait until they are 65. Many wives are denied their benefits for several years under the present plan because when the husband is 65 his wife is several years younger. Then, too, women employed will find it increasingly difficult to retain their jobs up to 65 and should not be required to work that long before being entitled to retirement benefits.

The benefits, of course, should be increased so that a more adequate amount can be paid. Women as well as men would be only too glad to pay a higher rate in order to receive a higher benefit.

There are many features in the proposed changes that the women are equally interested in. I only mention the ones that are being asked for particularly for women.

Many women have come into trade unions during the war. Some unions for the first time have taken women in their memberships due to the women coming into new industries in large numbers. All women must be organized so that their strength will be felt for what may come after the war. We have a big job ahead. We must maintain our standards that have been built up and restore our labor laws and the enforcement of them.

Women to be good trade unionists must assume their share of responsibilities; they must take their places in the administrative councils. The men must give them this opportunity—and the women must be willing to take it.

Much educational work has to be done. Women have come into the movement today finding certain conditions that have been built up by the trade unionists during the years. They will have to understand that these were won after hard struggles and the workers before them suffered many privations to win what they have today. We want not only to keep these gains but add to them and the women must be organized and be active members of the trade union movement if we are to face the task that lies ahead. (Applause.)

CHAIRMAN NESTOR: The program this morning was announced by Mr. Woll and the first speaker has for his subject "Social Insurance." He is an economist. He came out of the Department of Economics at Madison, where he was associated with the distinguished John R. Commons. He is now Lamont University Professor at Harvard and has contributed many valuable studies and publications dealing with trade unions. He has inaugurated in Harvard a special school for trade unionists. It gives me great pleasure to introduce to you Dr. Sumner H. Slichter, of Harvard University. (Applause.)

DR. SUMNER H. SLICHTER: Ladies and Gentlemen: Mr. Chairman, your program committee has done an admirable job of analyzing the principal varieties of problems which will confront the country after the war. Social security is an important part of that general problem, but of course only a part. I am interpreting the assignment given to me to mean the discussion of the role of social security in the long run, rather than in the transition period, which may last a year or two, but which, I think, will be shorter than most people fear.

I have limited myself in another way, which I think I ought to make plain to you. I am not going to attempt in the half hour at my disposal to cover the entire field of social security; I am going to focus attention upon unemployment compensation. Some of the other speakers, I believe, will touch upon other parts of social security, but there is plenty to occupy one's attention in the field of unemployment compensation.

A really modern economy, fit for the Twentieth Century, should be well equipped with arrangements for limiting fluctuations in incomes. These fluctuations in the past have been rather large, varying as much as twenty billion dollars between good years and bad. The depression of 1921, for example, saw a drop of about ten billion dollars in incomes of constant purchasing power. Between 1929 and 1932 the drop was even greater, around thirty billion dollars. That, I think, was an extraordinary kind of depression because at the heart of that depression was the weakness of the banking system and the snowballing failure of bank after bank.

Now no one device is adequate to limit fluctuations in income. Unemployment compensation is not adequate but it is important. The way that we shall achieve reasonable stabilization, the kind of stabilization which a Twentieth Century economy should have, will be by a *combination* of measures which add up to an important result. I am not going to talk about these various measures, but I am going to direct your attention briefly to them because I want you to see the place which unemployment compensation occupies and to view it with perspective. Among the most promising lines of attack are:

1. Limiting fluctuations in consumer credit. Consumers go into debt at the time when the demand for goods is high and

they use their incomes to pay their debts rather than to buy goods when their incomes are falling, making the boom greater by going into debt and the depressions worse by paying their debts.

2. Limiting the fluctuations in business inventories. Business enterprises do the same things that consumers do. They build up inventories in years of expansion, thereby increasing the expansion, and they live off their inventories during periods of contraction, thereby making the contraction more severe. Every big drop in business during the last 25 years has been immediately preceded by a large accumulation of inventories on the part of enterprises and has been marked by enterprises living off of these accumulated inventories to a considerable extent.

3. Stabilizing expenditures on the replacement of plant and equipment. All of the building trades, all of the metal trades, all of the heavy industries have a very immediate interest in getting the expenditures of business on plant and equipment made at a more even rate. Two-thirds of the expenditures on plant and equipment are for replacement and it is not fantastic to expect expenditures for replacements to be made rather steadily. It would not be too difficult to modify the corporate income tax so that business enterprises would have a substantial incentive to make their expenditures from depreciation allowances rather steadily.

Suppose an income tax credit, for example, depended upon the depreciation allowance over the five years being entirely spent on plant equipment and in no single year less than 80 per cent of it being so spent. When one talks about expenditures on plant and equipment one is talking about very large figures, because at no time have expenditures on public works by the cities, counties, school districts, states and national governments been as much as one-third of the expenditures of business on plant and equipment, so we are really talking about big figures.

4. Encouraging anti-cyclical movements in expenditures on public works. That will do much less good than stabilizing expenditures on plant and equipment, but it is one of the important things which needs to be done.

Finally we come to my topic of this morning, liberalizing unemployment compensation plans to provide larger offsets to loss of income because of unemployment. Now I wish to do two things. I wish to examine briefly the role that unemployment compensation has played up to now in stabilizing incomes. Then I would like to examine the problem of making it, or helping it, play a bigger role.

Unemployment compensation has the important advantage that benefit payments can start within two weeks or less after unemployment starts. They start with the simple filing and acceptance of the claim, without long discussions, without preparing blueprints, without letting contracts. In other words, if there is a gap between the time when employment shrinks and when public works, for example, can be started, unemployment compensation is particularly well-designed to fill that gap. And if there is a gap between the time when enterprises halt expenditures while they readjust their production plans and the time when they begin spending on their readjusted plans, again unemployment compensation is particularly well-adapted to fill that gap, because the money flows under unemployment compensation with a minimum of administrative decision.

Now when unemployment compensation plans were set up a few years ago, there was an absence of adequate actuarial data and there still is, but the data are much more abundant today than they were a few years ago. When unemployment compensation plans were set up, no one knew how much unemployment there might be in the covered industries; what kind of people would be unemployed; what the average duration of the case of unemployment might be; what the rate of turnover among the unemployed might be. Quite properly, I suppose, we set up unemployment compensation plans with a good deal of caution, with the result that in 1940 and 1941 the benefits paid under unemployment compensation schemes were only 10 per cent of the payroll loss on account of unemployment in the covered industries.

I shall take the year 1941 as an example. In that year the average volume of unemployment as reported by the Department of Commerce was 5.6 million. About two-thirds of those

unemployed were in the covered industries and they represented a loss of around 192,400,000 weeks of work. The payroll loss attributable to this unemployment was about 3.6 billion dollars.

I am responsible for that estimate and I think I have done a fairly good job. It is a rough estimate; it is a conservative estimate. I have assumed in making it that the people who were laid off were below the average experience, below the average skill, and I have not estimated the payroll loss at the average rate of earnings but at about 75 per cent of the average rate of earnings in the covered industries. I think you will find that that is fairly close to reality.

There was a payroll loss then of 3.6 billion dollars in the covered industries. Those unemployed workers who lost that much money (that is, who would have received that much money had they not been unemployed), received unemployment benefits of \$344,000,000, or a little less than ten cents in unemployment compensation for every dollar of pay which they lost. Now obviously if unemployment compensation is going to be effective in making its contribution to an up-to-date stabilized economy, the relationship between the compensation payments and payroll loss must be very substantially changed.

Incidentally, these estimates are confirmed by a study made out in Ohio by Mr. Sam Arnold. I didn't see his study until I had made my estimate, but he took thirteen companies in Ohio for which it was possible to get fairly complete records and computed how much of the payroll loss would have been met in different years in the past (in 1928, 1929, 1930, 1931, before there was any Unemployment Compensation Act), had the Act been in effect. He made two series of computations. In one he applied the terms of the Act of 1938. Then he applied the terms of the amendments incorporated in 1941. Taking the amendments incorporated in 1941, he found that in the year 1928, for example, had the Unemployment Act of 1941 been operated in these thirteen companies, 9.7 per cent of the payroll loss would have been compensated for in benefits. That is quite close to my estimate. In 1929 he found that the offset would have been 11.8, and in 1930, 10.6; in 1931, 9.6.

Now, why is it that the proportion of benefit payments to payroll loss is so low and what can be done about it? There are several reasons and each needs to be explored with considerable care in making modifications in Unemployment Compensation Acts. One of the principal reasons is that the duration of benefits is limited. In 29 states the duration is 16 weeks or less; in only 13 states it is as high as 20. In 1941 (the year I took my little calculation), nearly half of the recipients of unemployment compensation, or 46.3 per cent, exhausted their benefit rights while they were still unemployed. The recipients of benefits received on the average 12.2 weeks of compensation.

Arnold's study of thirteen Ohio companies showed that, had the Act been operating in 1928, 4,072 out of 10,738 separated employees in these plants who would have been eligible for unemployment compensation, 37.9 per cent, call it 38 per cent, were unemployed in 1938 for more than 26 weeks.

By increasing the maximum benefits to at least 30 weeks and by raising the number of weeks of benefits to which a given number of weeks of employment or a given number of dollars of earnings entitles one, unemployment compensation could be liberalized, I should say roughly, by at least one-third.

Some of these things will have to be done experimentally (I think in successive steps) because we still are in the stage of guessing actuarially, but certainly the right to benefits should be liberalized until not more than one out of four of the unemployed exhaust their right to benefit. When we get it down to that point it will be possible to examine those one out of four who exhaust their benefit rights while still unemployed and to find out just what kind of people they are, to what extent they are in the twilight zone between employables and unemployables. These facts will indicate whether the Unemployment Compensation Act should still further be changed.

The second reason for the low ratio of compensation to payroll loss is the waiting period, which in 21 jurisdictions out of 51 is more than one week. I suppose the waiting period will be reduced. It doesn't make very much difference. Arnold found, for example, that reducing the waiting period in Ohio from three weeks to two, which was done, raised unemploy-

ment compensation payments by only about 3 per cent. The increase due to the shorter waiting period was greatest in the good years and smallest in the bad years. That is what one would expect, because in the bad years the duration of unemployment is longest.

A third reason for the low ratio of unemployment compensation to payroll losses is the fact that benefit payments in many states are limited to a maximum of \$15 a week or 50 per cent of wages, whichever is smaller. Arnold found that from 16 to 23 per cent of the people who would have been eligible for unemployment compensation in these 13 Ohio companies would have been prevented by the \$15 maximum from receiving half of their wages in benefits.

Now I am going to say something that a lot of you won't like, but I don't believe in saying things just because people are going to like them. I don't have as much sympathy as probably most of you do, and as many people do, with those who point to some of the very low weekly benefit payments and say "Those ought to come up." There are a lot of reasons for the very low benefit payments of \$2 a week, \$5 a week, and so on, even though they are paid for total unemployment.

Many of the people who get them are not candidates for full-time work. There are about 10,000,000 people in the United States who regularly work only part time. And yet they work part time in such a way that when they are unemployed they are counted as full-time unemployed. One of the complications in improving the Unemployment Compensation Act arises from the fact that there are so many millions of people who only work part-time. It is not unreasonable, however, to raise the \$15 maximum so that the man who is earning \$40 a week will get compensation for half of his loss in compensation.

The final reason I am going to bring to your attention for the low proportion of compensation payments to payroll loss has rather generally escaped attention, and it is perhaps the most important reason of all. It is the excessive strictness of eligibility requirements. Arnold found that 40 per cent of the unemployed who otherwise would have been eligible for unemployment compensation in these 13 companies were not entitled to unemployment compensation because they hadn't worked a sufficient number of weeks.

I have made a rough attempt (that I don't want to defend too strongly) to estimate the fraction of unemployed who are excluded from getting unemployment compensation because of eligibility requirements. My guess is that it is in the neighborhood of half.

Now the movement has been to stiffen eligibility requirements. One reason for this unfortunate trend in eligibility requirements is the mistaken notion that everyone ought to be entitled to the same number of weeks' benefit. That is an idea which is spreading. It has been adopted in New York, and if it spreads, you are going to stiffen eligibility requirements (you will have to) and gradually shrink the proportion of the workers who are eligible to get unemployment compensation. You will give more to those who get it, but you will limit the proportion of those receiving it.

It is extremely difficult to define eligibility requirements. It is much easier to make them stiff and say, "Let's forget about the others." Unfortunately the way that works out is that you give the rights to the people who are the steadiest workers because of the particular position they have, or because of their position on the seniority lists, or because they happen to work in an industry which is rather steady. You give very generous rights to people who are not going to suffer very much unemployment and you deprive of rights the people whose unemployment is intermittent, those who are engaged in the seasonal industries, the people who most of all need the protection of unemployment compensation.

The problem arises because of the difficulty of defining attachment to the labor market, and I am sure that many of you appreciate that difficulty more vividly than I do. Although it is true that at a given time there may be 50,000,000 or 55,000,000 people in the work force, the number of people who at some time or other during the year are in the work force and earn some money (get a pay check) will be as high as 65,000,000 to 70,000,000. The movement in and out of the work force is a very large movement, much larger than it was supposed to

be a few years ago. We know something about that now, mainly because of the statistics which are a by-product of the Old Age Pension Act. Well, plainly, if there is this big movement into and out of the work force, the danger exists that the unemployment compensation reserves will be drained to pay benefits to people who aren't unemployed at all, but who have just left the work force. Up in Cambridge, for example, one of our important industries is the candy industry. The big season in the candy industry is in the fall, about two months or a little more before Christmas. Every fall a large number of women go into the candy factories. They are ex-employees; they married and they left the industry. However, they have skill in that industry and they are glad to work for a couple of months to help pay for the winter's coal; to buy shoes and winter clothing for the youngsters; to help meet the expenses of Christmas, and so on. They don't want to work the year round; they are not physically able to do it and run a household.

Now, when these workers leave the industry they are not unemployed. It is difficult, however, to define attachment to the labor market so that those women will not draw unemployment benefits for 26 weeks after they have left or that students who worked in the summer will not be drawing 26 weeks' benefits until they go back to the job in the summer hotel or on the bathing beach the next summer.

You can easily drain the unemployment compensation fund by compensating people who are outside of the labor market and whose sole claim is based upon the fact that they went to work for a few weeks. So I have a good deal of sympathy with the people who are struggling with the problem of defining eligibility, and yet I think they are making a mistake in trying to solve the problem by setting up uniform, stiff eligibility requirements such as \$300 earnings within a year.

It should be possible in the immediate future to compensate at least two-thirds of the people who really become unemployed in the covered industries. I think a definition of attachment to the labor market might be worked out in terms of a certain amount earned in three quarters out of the last four quarters. That would protect you against the summer worker who might pick up quite a bit of income in the summer and then leave the labor market. You would lose a little money that you ought not to lose to young lawyers who sell shoes in a shoe store every Saturday afternoon to help pay their office rent and who might qualify for unemployment compensation and draw it.

Now to conclude and sum up. Raising unemployment benefits to a higher fraction of pay-roll loss will not be accomplished over night and will not be accomplished by one amendment. It will be accomplished by a series of experimental amendments. It is likely to require larger premium payments. That may surprise some of you. Up to the present time about \$7,000,000,000 has been contributed to the unemployment compensation funds and about \$2,000,000,000 has been paid out in benefits. It looks as if, taking the funds as a whole, we are in very strong financial position.

As a matter of fact, the accumulation of large unemployment compensation reserves is largely the result of the war. One billion of those contributions came before any benefits were paid. I have made a little computation, again taking the year 1941. Suppose that we had liberalized the eligibility requirements so that half of the unemployed got benefits; suppose that the average number of weeks that each worker drew benefits remained unchanged; and suppose that the average benefit payment per week were raised 25 per cent. Benefit payments in 1941 would have been about 1.4 billion dollars. Collections under the 3 per cent tax were 1.2 billion dollars, so this rather conservative, modest liberalization which I have suggested would have cost in 1941 a little bit more than the receipts of the fund.

Well, ladies and gentlemen, you see in what a preliminary stage at the present time we must regard the development of unemployment compensation. You see how much there remains to do. You see that it is not a simple matter to do it, that we are still hampered by lack of adequate statistical information about the labor market. I am confident that the next 10 years will see great progress in making unemployment compensation a more adequate offset to income loss, and I am sure that in bringing about this improvement in our economy the trade unions of America will play a leading role. (Applause.)

CHAIRMAN NESTOR: Thank you, Dr. Slichter, for your address. Our next subject will be the "Health of the Nation." We have as our speaker the distinguished pioneer in the field of industrial poisons and the hazardous trades. She was one of the outstanding group of women associated with Jane Addams at Hull House. She was a consultant on industrial hygiene for the Department of Labor and the first woman to serve on the faculty of Harvard School of Medicine.

It gives me very great pleasure to introduce my old friend, and your speaker this morning, Dr. Alice Hamilton. (Applause.)

DR. ALICE HAMILTON: The subject given me, as you have it in the program, is far too big for me to attempt to handle. When I was invited to participate in the program I understood I was to speak on my own field, the only one on which I can give you any real information. Should I try to tackle such a subject as "The Health of the Nation" I would either be giving you generalities which are of no interest whatsoever or I would be venturing into that very controversial field of socialized medicine which I don't feel competent to deal with, since I have not studied it deeply enough, so I shall have to stick to my own subject, "industrial diseases."

Of course, what interests me most and what interests all of us most is the prevention of disasters in industry, and so perhaps it will surprise you if I give up most of my time to the question of compensation laws for industrial diseases.

Of course, we all know that nothing compensates for an attack of serious illness; for a crippling disease; for paralysis, or apoplexy, or a lingering death from consumption; nevertheless, in my experience, which extends over a long period, the best preventive measure for industrial diseases is the passage of adequate compensation laws. No Labor Department, no matter how efficient, no matter how well it is backed by laws, can, in my opinion, equal the pressure of insurance companies upon the employer who is having too much occupational disease in his working hours and is therefore bringing too heavy a charge on the insurance companies. They can get at him in a way no other force can. At least that has been the result of my observation, and that is why I stress so greatly the importance of compensation laws.

My memories go back to the days when compensation laws were non-existent, when the injured workman and the widow and orphans of the man killed in an accident were thrown back on society to become objects of public or private charity. The employer had no responsibility unless sued under a liability law which allowed him to use the defenses, "Assumption of risk, negligence of a fellow worker, contributory negligence." If the suit were successful—often in those days juries were sympathetic to the claimant—the award must be split with the attorneys, sometimes 50-50 and sometimes even more. The trouble was that Americans had not yet accepted the principle already in force in other industrial countries that industry must bear the cost of its own wastage, not throw it back on society.

The turning point I always place in 1910 at a meeting in Chicago of representatives from nine states (East, Middle West, and Pacific Coast States), who canvassed the situation in this backward country and outlined a legal system which was astonishingly well planned, many of the details of which we have incorporated in our better laws. Since then, as you know, every state except Mississippi has provided compensation for industrial accidents.

My interest is in laws covering occupational disease rather than accidents, and here our progress has been much slower and is still far from complete. That is understandable. An accident happens at a certain moment under ascertainable conditions. A disease is likely to come on gradually from the cumulative effect of months or years of exposure to dangerous dust or vapors. Moreover, if there is an accident, it affects all exposed to it. An explosion in a coal mine, a fire in a factory, kills or maims all the victims, but of a group of men handling white lead only a few may get lead poisoning. So it is easier for the employer and the insurance company to evade responsi-

bility for sickness than for accidents and it is made very easy for them in the 21 states where there is still no compensation for occupational disease.

Even in the 27 where it is provided there is still room for improvement. Only 15 of the 27 have full coverage laws. The other 12 cover only certain selected dangerous occupations, making up a list which is never complete, never up to date. We all remember the tragic cases of radium poisoning in women who painted luminous figures on watches and clocks in New Jersey, Connecticut, and Illinois. None of those states had included radium in its list of dangerous substances, for nobody, not even the medical expert, knew what such exposure would result in. I remember when the New York law covered petroleum benzine, which is a relatively harmless solvent, but left out coal tar benzol, which is a very dangerous one.

When I first went into the field of industrial medicine, medical and surgical care, if it was provided, was paid for by the men employed, but they had no control over it. A deduction was made from the first week's wage, which meant that if there was an excessive turnover the company might collect \$6 from one job in the course of a month instead of \$1.25, and from this contribution all expenses of physicians, medicines, hospital care were paid. That was not an excessive sum had the service been adequate, but it rarely was, for the miner or steel worker or lead smelter had no control over the expenditure of these sums. The doctor was the employee of the company and owed his allegiance to it.

I found repeatedly in those days that the men so mistrusted the company doctor that they went to men of their own choice and paid twice for medical care. Just a few years ago I found the system still in force in a coal mining camp in Pennsylvania and was amazed to know that so strong a union would tolerate it. I had just read an English novel, "The Crisis," which depicts life in a coal mining town. There the miners' committee selects and puts on what they call their panel the physicians who are to practice among the miners and to be paid for out of the insurance funds. The miner may choose his doctor from this list and if he finds him unsatisfactory he can, after due notice, change to one of the others. The system is not perfect, no system of medical care is, but surely it is far better than the one I found in Pennsylvania.

We are a country of extremes. On the same trip that took me to the coal mine I visited plants of two large companies, the General Electric and the Du Pont, and found the most complete system of medical and surgical care provided without any charge to the workers.

What are the reforms most needed in our present-day system? From the point of view of the industrial physician, they are these: First, full coverage, which means granting compensation for every injury that can be traced to the worker's occupation. We should give up the terms "disease and accident" and substitute the word "injury." Under the present laws in some states you can have an absurd situation develop, as was true a few years ago in Pennsylvania. A man could claim compensation for malignant pustule, anthrax infection, if he could prove that on a certain day he had cut or scratched his hand and let in the anthrax germs, for then it was an accident. But if he did not know how the germs got in, then even though the infection were just as severe, he had no right to put in a claim.

Full coverage means also that the new compounds that are coming into use so rapidly now will be included, and this is most necessary, for in many cases we know little about their action except what the Public Health Service can discover by animal tests, and we dare not assume that human beings will react in the same way as animals.

Under the necessities of war production we are letting new dangers come in. Synthetic rubber production has brought in such new toxic compounds as vinyl cyanide or acrylonitrile, butadiene, monomer styrene, which most of us have never heard of before. The list of new solvents is vast and we cannot wait to study them. We must use the workers themselves as the guinea pigs. There was a striking instance of the failure of animal experiments to serve as a guide in using new materials in industry. Dioxan was a new solvent which the Public Health Service had tested on animals and declared to be safe for use in industry, since before the danger point was reached there

would be ample warning in the shape of running eyes and irritated throat. So we all looked on dioxan as all right for use in the painting trade and it was used a good deal.

Then suddenly we heard from England that five workmen had been fatally poisoned by dioxan. It was easy to see why. These men were working with hot dioxan, the fumes being carried off by suction fans. It was in 1934; jobs were precious; it was near Christmas time and the extra pay for overtime was important. So when a rush job came and the ventilating system broke down, the men worked on. Doubtless there was plenty of eye and nose and throat irritation but they kept on till they sickened, with hemorrhagic hepatitis and nephritis, and all five died. You cannot reproduce in the laboratory what may actually happen in real life.

The next most important point is: keep the question out of the hands of the lawyers, make the laws simple and let laymen administer them. This is very important. It is a medical and social problem, and if you let it become a legal problem you will be doing an injustice to the claimant. He should not be obliged even to consult a lawyer. He should be able to present himself with his doctor to a state board and lay his case before it, the insurance company, with their doctor, presenting their side. If the case is obscure and the board members are unable to decide which doctor is to be followed, then an impartial medical expert should be called in by the state. After all, the majority of cases involve only questions of fact which a layman can handle perfectly well. I have seen the administration of a compensation law rendered complicated and costly just because the Supreme Court of Illinois decided that rules of evidence must apply in hearings. Rules of evidence have always seemed to me devised to aid in concealing evidence, not in bringing it to light.

All the older industrial countries have recognized the need for impartial medical expert advice, attached to their Labor Departments. Industrial hygiene in every country but ours is a part of the Labor not the Health Department. There are always physicians who have specialized in industrial medicine and act as medical consultants for the state. Most of the foremost authorities in this field are men and women who have gained their experience as state consultants.

There was a clear demonstration of our need for such impartial testimony some years ago when the head of the stonecutters' union in Indiana notified the Department of Labor in Washington that something must be done about stonecutters' "dead fingers." This is a common affection among stonecutters, a spastic paralysis of the blood vessels which results in contraction of the vessels and extreme pallor of the fingers, with loss of sensation. The fingers do indeed look like those of a corpse. It is caused by three things; the tight grasping of the tool; the vibration of the tool, 3,000 per minute; and cold, for there is little if any trouble in warm weather. The head of the union notified Washington that a physician employed by the union had said that the work caused not only dead fingers but paralysis and insanity. The employers, on the other hand, submitted a report from a professor of neurology who had examined men sent him by the employers and had found nothing, not even dead fingers.

Dr. David Edsall was sent out there by the Public Health Service and the Department of Labor sent me. We found dead fingers, plenty of cases, but nothing worse, and while this condition is uncomfortable and results in some loss of skill, it does not cause either paralysis or insanity.

The law must apply to all workers. Many states afford protection only to employees of fairly large concerns. The employer with only a few workers is exempt. This is all wrong. It is the small shop that is less likely to be equipped with efficient ventilation devices. It will certainly not have the services of a physician; therefore the workers are more liable to sickness and accident than are the employees of the large plants. Some system of insurance must be devised to deal with this situation.

Some system must be found also to cover those diseases which we do not as yet class under the head of "occupational" and which are nevertheless influenced by occupation. For instance, statistics show that coal miners who are not exposed to silica dust and have a low tuberculosis rate, have a very high pneumonia rate.

The English have found that this high rate can be brought down to the average for occupied males by installing pit-head bathing houses, where the men can strip off their sweaty under-wear, take a shower, and get into dry clothes before they go out into the winter cold. That is certainly proof that the miners' occupation plays some part in the pneumonia deaths of miners.

The Russians made a study of rheumatism among the railwaymen and found that it was most frequent among those exposed to cold and wet in outside work. The Germans found that workers in the viscose rayon mills had a far higher rate of stomach ulcer than other textile workers. We do not class either stomach ulcer or rheumatism as occupational diseases, but it is clear that occupation has some influence on their development.

When I talk about prevention of industrial disease to a group of healthy labor people I must remember that, like every other group of healthy people, they are not at all interested in disease and its prevention. Preventive medicine isn't interesting to anybody who is not sick. When you get sick you get interested in health. When you are healthy you don't give a rap. You are sure that whatever hits the other man is not going to hit you anyway and you are very much more interested in the possibility of getting some compensation when you do get sick than you are in getting it when you are well. That is true of all men and there is no use shutting your eyes to it when you talk about the part that unions could play in preventing industrial disease, but I do want to tell you this: Again and again we have discovered (we medical people) a new, unknown form of industrial poison through the scientific curiosity of some workingman, of a man who would notice not only in himself but in fellow workers the development of certain complaints which had appeared only when they were using some new substance or using an old substance in a new way. That being reported and being investigated in a scientific way has brought to light new industrial poisons.

Now there should be enough scientific interest among intelligent labor men and women, too, to look out, because women are being subjected to almost as much exposure to industrial poisons now as men are. That should lead to very important discoveries in the field, because, as I said, we are using so many new solvents now, so many new chemicals, and although the Public Health Service is doing its best to find out what sort of effect those would have, we can never be sure that the effect on human beings will be the same as we have seen in rabbits and guinea pigs.

Moreover, you can't reproduce in animals what you see continually in industry, a prolonged exposure to small quantities of a possible poison, and that is much the most common form of industrial poison; that slow, chronic form. There the workman himself is the guinea pig and the only way to protect him against real damage is to detect in its earliest stage the effect of that slow and subtle kind of poisoning.

And then, finally, I do want to bring home the points that I have made. First, that we must have full coverage laws. Second, that we must have them apply to all workers. And third, that they must be adequate to care for the worker during the period of disability and to enable the family to have a decent living while he is incapacitated.

The last point I want to speak of is the necessity for non-political Labor Departments. I won't say the Commissioners of Labor, I suppose they will have to be political; but for non-political inspectors. You know that the Department of Labor in Washington has made a great effort to jack up the service given in many of the states by having regional schools for factory inspectors to which the inspectors are sent and put through a short, intensive course in the prevention of industrial diseases.

I have participated in two of those schools and I can assure you it was a most discouraging thing, after I had felt that really a very good piece of work had been done, to see a change of administration come in two of the states that had participated, with all of the men and women whom we had been training thrown out and a totally new lot brought in who knew nothing whatever about the situation. They should certainly be under Civil Service and should have security of tenure of office. You

have got to have people who really know when they see some white puffs coming out of a white lead, corroding puffs, that it isn't white lead but nothing more harmful than steam. That was reported to me by a factory inspector. They must know what they are up against, otherwise the employer may take them through a plant and never let them see a thing that is wrong.

So I urge on the American Federation of Labor to see to it that the compensation laws in the different states are brought up to this very clear and really simple standard. (Applause.)

CHAIRMAN NESTOR: Thank you, Dr. Hamilton. Our next subject is "Education and Post-War America." Our speaker is from the Teachers' College, Columbia University. He is a member of the Philippine Educational Commission, President of the American Federation of Teachers from 1939 to '43, and now vice-president of that organization. He is the author of a number of books and publications on secondary education. It gives me great pleasure to introduce Dr. George S. Counts. (Applause.)

DR. GEORGE S. COUNTS: Madam Chairman, President Green, Chairman Woll, and the members of that splendid commission that has presented these magnificent documents to this conference, ladies and gentlemen: I wish I knew of some way to impress upon the American people the importance of this topic of education, because we know now, we have learned during the quarter of a century between the great wars, that education is a force of simply tremendous power. Now that, I think, was not demonstrated in the democracies. It was demonstrated by the totalitarian states. It was demonstrated in Russia. The power of the Red armies has impressed all of us. Back of those Red armies is a great industry, and back of that industry is an educational program that has been under way now for almost a generation. Also the amazing achievement, if such you may call it, of the Nazi educational instrumentalities in a very short time is something that should impress itself upon all of our minds. As we know today, and as we did not know a quarter of a century ago, organized education can shape the destinies of peoples. In fact, education will be very closely related to those destinies. Now one reason, I suppose, why it is difficult to see the importance of education is that its effects are not immediate. Education is a process that deals with long-run forces and factors and so we are likely to overlook its importance.

We have all been thrilled and inspired by the two great documents prepared by our Post-War Planning Committee and presented to this conference—the one entitled "The Basis of Lasting Peace" and the other "Post-War America." These two documents stand in the high tradition of the American Federation of Labor and of American democracy. If the working people of this country and of the world lend their organized and enlightened strength to the principles and programs here set forth, no power or combination of powers will be able to halt the march toward the establishment of a lasting peace on the earth and the fulfillment of the historic promise of American life.

The purposes to which we are here committing ourselves cannot be achieved, however, by brute strength. Such achievement will require the widest possible development of understanding and virtue among our people. And I would like to say, particularly, a word here about reaching the older among us. We have associated with the labor movement in this country for almost a quarter of a century and we have had an organization of workers' education, the Workers Education Bureau, and I am delighted to see here this morning in the audience the man who was a director of that bureau for the greater part of its life, Mr. Spencer Miller. I am also very happy to see Mr. John Connors, who is the present director, and I am sure that either one of them would be able to handle this subject of education here this morning at this conference better than I, but I would like to impress upon you the importance of giving support to the Workers Education Bureau.

As I see it, the conference here represents an important development in the field of workers' education and the reports of this commission are reports that have to be implemented through the Workers Education Bureau and other educational

agencies associated in the labor movement in the months and the years ahead. I know that the Workers Education Bureau is about to present to the labor movement a program and a plan for the vitalizing and the extension of the whole range of workers' education.

It will require a comprehensive and appropriate program of education reaching both the young and the old. It will require the continuation in the critical age now unfolding of that devotion to education which has marked the record of the American Federation of Labor since our first convention, 63 years ago, in 1881. From that convention to the convention of last autumn our Federation, following in the footsteps of the early workingmen's associations which fought the bitter battles for the establishment of free schools more than a century ago, has fought without faltering for the extension and improvement of educational opportunities for all of our children. Unfortunately this fact is known for the most part only by students of history. The great majority of the American people are largely unaware of this heavy debt which they owe to organized labor. Even the great majority of teachers, I am convinced, do not know the role of organized labor in the establishment and the support of our great system of public education.

In spite of the long struggle to build an educational system worthy of our democracy and commensurate with our professions of freedom and equality, our program for rearing the young is still marked by many weaknesses and inadequacies. This second World War, like the first of a generation ago, has revealed many perfectly shameless deficiencies in the education of the greatest and richest of the democracies.

Dr. Hamilton spoke about backward areas or about the backwardness of certain parts of our country, certain segments of our people, and certainly in the field of education that is particularly true.

The war has shown that we have failed to develop to the full our most fertile natural resource—the powers and talents of our people. This failure has weakened our military effort both at home and abroad and has thus imperiled our existence as a nation.

I would like to challenge you to name any force or any source of national strength that equals the potentialities of our people.

Our armed strength is well below its potential because of our neglect of our children during the period between the wars. Hundreds upon hundreds of thousands of our young men, in the years of greatest vigor and vitality, have been barred from the armed services because of preventable and remedial physical defects. Other hundreds of thousands have been denied the opportunity to serve their country in its hour of direct need because of their inability to read and write the native tongue. In fact, 13.5 per cent of our male population over 25 have been found to be "functionally illiterate." In several states this percentage is above 30. Many draftees, according to reliable reports, have never even held pen or pencil in their hands. Their understanding of the problems of the age, of the tasks outlined in the great documents of this conference, is something that must be left to the imagination. These severe educational disabilities, as we all know, are peculiarly the heritage of the children of the poor and the underprivileged. The negro, of course, suffers most grievously.

We have known for some time, moreover, that despite the great strides made during the last generation in extending the opportunities of higher education—general, technical, and professional—to our youth, a record without parallel in the whole history of education, the student population of our colleges and universities continues to bear the stamp of class privilege. Only a comparatively few young men and women from the ranks of Labor enters the doors of these institutions. This is due not to lack of ability but rather to the hard realities of economic condition. The marshaling of our energies for the prosecution of the war has revealed something of the magnitude of the traditional limitation of educational opportunity. In order to utilize more fully our human resources in the effort to beat back and conquer the forces of aggression and barbarism in the world we have been compelled to subsidize on a generous scale the development of talent, wherever it may be found, regardless of economic and social circumstance.

The removal of these varied deficiencies in our practices will

require the devotion of increased financial resources to educational purposes. If we can maintain approximately full employment and full production in post-war America, a program to which the present conference is committed, all of this and more is easily possible. It will require, however, a large measure of federal support for education. Such support has long been included in the program of the American Federation of Labor.

The tasks of education in post-war America, however, cannot be conceived wholly in terms of inherited educational patterns. The advance of knowledge and the spread of industrial civilization are opening up new educational horizons. In three great areas in particular we may expect significant developments in the future—in the areas of early childhood education, of youth education, and of adult education.

In recent years the findings of scientific research have corroborated the time-honored maxim that from the standpoint of individual growth the first six years are far more important than any other period of life. We know now that these early years are crucial, not only for the molding of character and personality but also for the development of mental processes and intellectual powers. In terms of the cultivation of the talents of our people the expenditure of funds on the care and education of the young during this so-called pre-school period would undoubtedly bring greater rewards than a similar expenditure at any other age. Whether the method adopted should be that of establishing nursery schools or of extending appropriate services to home and family, or of both, is a question that remains to be answered.

A second area in which many changes will have to come is that of inducting the youth, young people between the ages of 16 and 24, into the complex life, and particularly the economic life, of our industrial society. With the advance of the machine and the separation of the worker from ownership of the tools of production, the young have been increasingly removed from direct participation in the process of making a livelihood. The task of giving to the young actual work experience, a sense of the dignity of all useful labor, a knowledge of the social relations and conditions of the job, an understanding of the role of labor unions, a conviction that the right to work is one of the most basic rights of a free man, a conviction that the obligation to work is one of the most basic obligations of a free society, a conviction that the worker is entitled to the fruits of his labor—all of this is an educational task of the greatest urgency.

The field of adult education is a third critical area. One of the most striking characteristics of industrial civilization is its dynamic quality. Out of our great laboratories and production plants there comes a perpetual and growing stream of discoveries and inventions. If the individual is to live well in such a civilization he must be capable both of making adjustments to and of assisting in shaping new conditions. This means that as long as there is life there should be education. It is here that a properly conceived program of workers' education should play a large role. It has been suggested that in the world of the future every worker, and not just the university professor, should be given a sabbatical year, one year off in seven on full pay, to continue his education, to enrich his experience, to improve his mind. Perhaps this might be one way of meeting the threat of unemployment in post-war America.

Among the new educational horizons opening before us should be mentioned finally those new and powerful instruments of education which technology has given us—the press, the moving picture, and the radio. We have learned in the past generation that these great engines for the enlightenment, the degradation, or the molding of the mind are no less powerful in their sphere than the great modern engines of war—the tank, the battleship, and the airplane—are in theirs. That a great struggle over the control and use of these mighty agencies is already under way is apparent to us all. That they might be employed either to strengthen or to subvert and destroy our democracy is written clearly in the record of the last quarter of a century. We in the labor movement must not sleep at this particular switch.

The importance of the content of our educational program can scarcely be over-emphasized. The time is past when any people can afford to think of the work of rearing the young and promoting the growth of the old as a minor matter. In the kind of society in which we live organized education, through both the schools and the other great agencies of popular instruc-

tion, is a force of tremendous power. This has been clearly demonstrated by the totalitarian states during the period between the great wars. Both the Communist and the Nazi dictatorships, not to mention the Japanese military caste, employed all agencies for the molding of the mind to equip their people psychologically for the great struggle now under way—with what success is now strikingly evident. The most casual student of social institutions can also see the weaknesses of the democracies reflected in their schools. If societies of free men are to survive this war and establish a lasting peace they will have to learn how organized education can be made to serve their purposes.

I would like to point out that a national commission, which is pretty powerful and with large resources, of which I happen to be a member, has recently been appointed to deal with this whole question of moving pictures for educational purposes and I hope that organized Labor will make its voice heard there in the shaping of those great pictures. They are going to go into the schools and other educational agencies of this country in the years ahead; many of them are already there.

The desired educational program is not to be achieved by a mere modification of the details of our existing program, or by altering the mechanics and structure of the school system. The problem goes deeper. We must fashion a conception of education equal to the tasks which confront us. We must meet the challenge of the totalitarian movements boldly and positively. We must introduce into our educational program three great emphases or guiding principles and thus give to our education a grandeur suited to the age in which we live.

First, we must give to the young an understanding and an appreciation of the great scientific and technological revolution which has destroyed much of the world of our fathers and has set the framework of the world of our children. This requires, from the kindergarten through the university, a far more comprehensive program of instruction in the basic sciences and tools of precision than anything now to be found in our schools. Also, through classroom, laboratory, and shop, through press, radio, and moving picture, through excursions, observation of industry, occupational training, and carefully supervised work experience, the young should be made familiar with the basic materials, processes, and instruments of production—the natural resources of soil, minerals, forests, and water, the diverse sources, forms, and uses of energy, the processes of chemistry and the creation of new materials, the processes of metallurgy and the making of machines, the agencies of transportation and communication, the utilization of human resources and labor power, and the organization of the whole process of production from the standpoint of the worker, the consumer, and the local, national and world community.

In addition we should have our boys and girls trace the advance and spread of the technological revolution in terms of its impact upon human society. We should help them to grasp the significance of the fabulous power that technology has placed in the hands of man—power to produce goods and services, power to enlarge and enrich the life of all, power to mold the mind of vast populations, power to degrade and impoverish the human spirit, power to torture, to kill, to destroy. Also we should help them to understand the new patterns of social structure and relationships which the advance of technology has brought in its train—the extension of community boundaries and institutional reaches; the integration of society on a scale hitherto unimagined; the contraction of the earth to the dimensions of a neighborhood; the compounding of disaster resident in the parochial, class, national, religious, and racial prejudices and hatreds of the past; the laying of the material foundations of some kind of world order. In a word, we should strive actually to induct them into the age and the world in which they must live.

Secondly, we must give to the young a great and challenging conception of the history, life, and future of the American people. Here perhaps is the greatest weakness of our education—a moral weakness, moreover, which the totalitarian movements have exploited effectively. A truly great education must express a truly great conception of life. Such a conception, far surpassing in challenge and appeal anything the totalitarians can offer, can be distilled and fashioned from our humane and democratic heritage.

This conception should be compounded from elements of diverse origin. It should take from the Hebraic-Christian ethic the idea of the worth of the individual human being, the affirmation of the brotherhood of all races and peoples, the injunction that the strong should show mercy toward the weak. Also it should embrace the faith of the ancient Greeks in the mind and powers of man, the Anglo-Saxon love of individual and political liberty, the fierce assertion of social equality of the American frontier, the demands of the working people of the world for economic justice, the sense of social and community welfare expressed in the cooperative movement, and the promise of material security and abundance offered by technology.

We all remember the old saying that came out of the frontier that one man is as good as another, if not a little better; by which, of course, the American frontiersman paid his respects to those who by reason of ancestry or birth claimed to hold a higher social rating.

By identifying our people historically with this great conception of life, we should give social direction and moral purpose to the entire educational enterprise.

If we are to avoid sterility, however, we must succeed in conveying to the young a dynamic conception of America—a conception of an America with a future as well as a past, a future bright with hope and adventure, with opportunity for significant sacrifice and achievement. We must convey to them the idea that America is not finished, but rather is in full career both at home and in the world. We must enlist their energies, their enthusiasms, their talents in the ever more complete realization of democratic purposes and the fulfillment of the promise of American history. But we must teach them that these great ends are to be achieved not through violence and dictatorship but through the peaceful and rational processes of democracy.

Third, we must give to the young a vision of a world order in which the American people can live as a free nation. We should tell them definitely that we cannot live wholly to ourselves, that some kind of world order is on the way. We should get them to see, moreover, that, while the technological revolution has decreed that the earth shall be one, it has not determined the character of the world order which we shall have. We know that if Hitler had won he would have established an order ruled by a master race or people, with the other races or peoples assigned to varying degrees of servitude or slavery. When we win, let us hope that we shall build an order of free and equal peoples. This means in general that we must teach the young to work for the removal of those severe disabilities which the strong have sought to impose upon the weak in this world. It means in particular that we must teach them that the colored races of the earth, including the American negro, should enjoy equal rights to the material and spiritual heritage of mankind. In a word, if we are to realize the professed aims of the United Nations in the present war we must cultivate both in ourselves and in our children a definite world-mindedness, an awareness of world citizenship, a feeling of responsibility toward all nations and peoples, a sense of belonging to a common humanity.

It is, of course, apparent that no one nation can be expected to embark upon such a program alone, just as no one nation can be expected to disarm itself physically in a world where other nations are armed to the teeth. The Axis powers have demonstrated that in this age of total war organized education is an indispensable support of a policy of aggression. The scope and character of organized education are as much a part of the war program of a nation as are the number and quality of its arms, of its tanks, its airplanes, its warships. One of the first tasks to be faced in building a peaceful world, therefore, will be the introduction into the schools of all nations of a minimum program of instruction in world citizenship. If we are to have peace on the earth, the two-fold problem of physical and psychological disarmament will have to be solved. This means a world-wide program of education for peace.

The achievement of the educational purposes here outlined will, of course, depend in large part on the qualities, the abilities, and the status of the teaching profession, but this is a subject that cannot be elaborated in the present paper. Suffice it to say that the guiding purpose of the American Federation of Teachers is to develop a profession capable of discharging the heavy responsibilities placed upon education by our democratic industrial society. (Applause.)

CHAIRMAN NESTOR: Thank you. The Chair would like to announce at this time that we are going to run a little over our time. Our program is crowded and we will have to run over. We hope you will bear with us and that everybody will stay if we have to run up to 1 o'clock. We may finish before that time.

The next subject we are to discuss is "Bases for National Unity." We have as our speaker the President of Hunter College. He was editor of *Commonweal* from 1929 to '37. He has a rich background, resulting from his education abroad in Paris and Germany. He has made his interpretative writings on Twentieth Century history in Europe authoritative and useful to responsible leaders. He is one of the most distinguished exponents of Catholic thought in this country, and I am very glad to introduce as our next speaker Dr. George N. Shuster. (Applause.)

DR. GEORGE N. SHUSTER: Mr. Chairman, Dr. Hamilton, ladies and gentlemen: The hour has now arrived when you are longing for a totally different kind of nourishment than intellectual, but there is at least one reason why you should listen to me for a little while.

I think it is correct to say that in every workingman's family the daughter is closest to the heart of all. Now we have at Hunter about 10,000 girls, most of whom come from workingmen's families, and so I ought to be closer to the labor movement than anybody that you can imagine. (Laughter.)

I would like to take just one moment to thank those unions in New York which have been helpful to Hunter, particularly to the Roosevelt Memorial House. I express this gratitude by way of a prelude to the announcement that will hit some of them, Mr. Dubinsky, again in the near future.

Now the subject which has been assigned to me, and which I will discuss very briefly, is the subject of "National Unity."

At the close of the long and tragic war, in which he played so brilliant a part, Lincoln said that "when peace came it would have to be the duty of the government to bind up the nation's wounds." I remember those words well because they were under a picture of the Great Emancipator which I saw often as a boy. Unfortunately, we did not bind up those wounds, and unfortunately many others have been inflicted since.

Our national unity, obviously, is possible only when those wounds are bound up and when there is a common faith in the purpose of the American people. Now that faith has been stated to us, first of all, by the Declaration of Independence, which declares that this republic is to exist for men created equal and endowed by their Creator with certain inalienable rights. Lincoln promised to it a new birth of freedom, of safety for the people under the people's government. Franklin Roosevelt proclaimed a charter of four basic freedoms for the American people and for all the world. Underneath these several statements of high principle lies the ancient Christian command that a man deal with his neighbor as he deals with himself under God.

These are not mere words. In them is written the fundamental law of the American community, deeper and richer than any statute or court order whatsoever. Here are the truths without which our form of government and our nation cannot exist. This republic is the last great hope of earth because the most enduring and worth while of human dreams are part and parcel of its reason for being.

Of course, one cannot say that such truths are easy to establish in practical life. We have laws against theft, but each week brings its story of youthful thieves. Violations of the traffic laws are criminal offenses, and yet even now those laws are being broken every hour of the day. It is, therefore, hardly to be expected that every American will at all times honor the nation's code of principle. Even so, one may hold that we have tried to honor it and that the story of our attempt is as great an epic as men have written in terms of freedom.

And yet, when the war is over and the negro soldier, with the ribbons of service on his chest, goes home to his people, will the mere fact that he shows up in uniform be considered

a reason for not chasing him out of town? When the Jewish airman who has flown on missions of deadly peril over the islands of the China Sea returns to his country, will he be told that whole sections of the most beautiful states of the Union have been roped off for Christians only? When the Catholic farmer, scarred with the wounds of battle that raged in Italy or in the Balkans, comes home to sections of the land which shall be nameless, will he see at night a fiery cross burning on the hilltop above his house? Must the Protestant soldier be forced to realize, when he takes up his residence again in the city of his birth, that a Protestant minority, too, may be discriminated against?

We do not ask these questions without reason. That is the problem and we know that it is a problem deeply rooted in American circumstance which has been accentuated by our enemies in this war. When Victor Ritter and I went to Germany in 1933 to plead with the government to stop the attacks on the Jew we were told frankly and bluntly that this was the German government's weapon against the United States; that if Hitler could plant the seeds of disruption and hatred and fear within this country, then he would have nothing to fear from across the Atlantic, and he has systematically planted the seeds of disruption and hatred and fear. There has been a campaign, and we all know it, to spread the same disease which has undermined the stability of Germany first, and then after that the stability of the world, but let's not be too sure that we can blame it all on Mr. Hitler.

This problem is not a problem of power politics only. It is a question of psychological attitude. It is a problem of the kind of person who will respond to a situation in this way.

I think myself that the negro would probably not have gotten off to such a bad start in the South or in our country if it had not been that when the Civil War was over he was identified in the minds of the defeated people with defeat itself, and so whenever you have a group of citizens who have lost something; who have not made the requisite advance; who have some grievance against society, those individuals will attempt to find a group in the community upon which they can fix the blame.

Now then, obviously, when this war is over, we are going to have three great problems to perform. The first problem will be to create an economy of plenty so that everybody will have work and food and opportunity; and the second problem will be to build up the world peace, an organization of human society which will make peace. The third problem will be to keep the American faith, and the third problem will be the most difficult problem of all.

If, on the one hand, we have active, well-endowed, well-equipped groups for whom the opportunity to stir up prejudice is a golden opportunity; if on the other hand we have forces which seize upon the embittered emotions of minorities in order to create in their turn pressure and opportunity for a different kind of totalitarianism; and if then our American democratic society is caught between these two great releases of emotion, how then can we expect American society to endure? I say to you this morning very briefly and very simply, because I don't want to take up much of your time, that unless we solve this problem it is useless for us to talk of the solution of any other.

Now there are two ways of approach. One can take it up from the point of view of law but, being a psychological problem, primarily it is difficult to approach it from the point of view of the law. Justice, the freedom of the press and the freedom of speech, in general, is the problem. You are darned if you do and you are darned if you don't. If you attempt to restrain people, for example, from writing certain articles, giving strength to certain feelings, it may be that the result of your endeavor will only be to intensify the pressure of emotions from within the individual, and even legislation against discrimination in employment obviously has its limits. We don't know what those limits are.

I am glad to see that the Governor has appointed a commission which will attempt to make a study of the situation preliminary to the attempt to find legislative means to deal with the results.

The other method of approach is the approach through education. Now that may seem a long-range and very tenuous kind of approach. It is, and yet it isn't. You have, as a matter of

fact, in American experience certain very remarkable achievements. There is, for instance, the Springfield plan, which I recommend to you all very warmly. Discussions of it are available in journals. There is a very interesting one for the women in the current *Ladies' Home Journal*, as a matter of fact. Some of them are readable, some of them profound; you can take your choice. Then there is the method which has been followed in New York, and this when it is good is very good. I think we may say that the progress which has been registered in this city toward a solution of this problem is one of the most encouraging in our history.

I am going to give you a few examples. When this war broke out I, being identified with the German-American community, had an assignment to see what was going on and we found that in certain areas of the city German-Americans were not going out of their houses after 6 o'clock at night. They were scared to death, and yet after a little while it became perfectly obvious that nobody was paying the slightest attention to them. Nobody even knew that they were there, and when in the first hours of the excitement some people, enemy aliens, who shouldn't have been picked up, were taken down for a hearing, it was their Jewish neighbor who came to testify for them, not once but in hundreds of cases.

I remember one case very distinctly in which a man who could hardly speak English had 10 very distinguished, interesting Jewish couples from the neighborhood to testify in his behalf.

When the war broke out we were asked to look up our Japanese students, and I want to tell you frankly that nobody knew who the Japanese students were. In the best schools of New York (they are not all good, but in most of the schools of New York) negro and white children live together in such amity that it never occurs to them to experience any of the usual types of discriminatory feeling. At Hunter, for example, we never mention the subject, and yet when we have a meeting of almost any group, be it religious, educational or social, the negro girls and the white girls intermingle without even thinking about it at all.

You may go into the best high schools of the city and watch the processions of the Arista coming up across the platform. These are selected students, all girls and boys who make more than 90 in their grade, and there is a little Chinese girl, a Jewish girl, an Irish girl and a negro girl marching along, one after the other, illuminated by only one emotion, and that emotion is pride.

I say these things because it means that education can do a lot if we want it to do a lot. It doesn't do all the things. It certainly doesn't do them, by any means, in New York where there are swastikas on churches and synagogues and where a little girl can get a job if she calls herself Sherman when she couldn't get it when she calls herself Shapiro; when a Greek boy who laid his young life down at Salerno could not get a position—I am not going to mention the name of the institution—of teaching because he had a Greek name, and I often wondered why he didn't change his name before he died over there.

Yes, there is not everything all right here, and one of the big problems—and I want to present this to you today—is the problem of the transition from the school to the outside world. That is a terrible jolt for lots of youngsters and it colors their psychological attitude for the rest of their lives.

I will give you just one instance, of a little negro girl for whom we got a job in a library. She was tickled to death, but when she went over to the library nobody would eat with her; the rest of the employees wouldn't associate with her in the dining room. It created a terrific problem. Finally the poor child resigned. Perhaps she shouldn't have done that, but she went into a stage of complete emotional disruption which ended in a nervous breakdown and will probably be a useless person for a good many years of her life, yet she was one of the most brilliant children I have ever known.

Now I say to you (I have no right to say it because I am not a member of the labor movement; my father was, and I am prouder of that than I am of anything that I look back upon) that you people of the labor movement have got to take this seriously. Remember that you have a great inheritance. It was you, you the people of the labor movement, who alone in all those years of Hitler's rise to power maintained a certain

sanity and a certain restraint upon this awful regime, and upon you will fall the burden of defending American principle; of keeping alive in this country the belief that we can settle disputes amicably and that we can get on together, and that this is not the place for people who are active in the promotion of ideologies, the fundamental and ultimate consequence of which is always to say "May the damned people be damned."

Now this is the time, and I speak again very humbly, in which we who are on the home front have the job, and the big and everlasting job, of keeping certain ideas about America in such shape that when the kids come back again they will recognize them. Thank you very much. (Applause.)

CHAIRMAN NESTOR: Dr. Shuster, thank you very much.

Now we are going to hear from two of our trade union leaders. They are going to talk more briefly than the other speakers this morning so that we can finish the program by 1 o'clock.

The first speaker is Milton J. Webster, who is the Vice-President of the Sleeping Car Porters, and he will now discuss some phases of the program of this morning. I am very glad to present Mr. Webster to you. (Applause.)

MR. MILTON J. WEBSTER: Madam Chairman, fellow members of the Post-War Planning Committee, trade unionists, ladies and gentlemen: There can be no national unity in the post-war period nor can there be basic social progress for Labor (particularly organized labor) unless certain present-day deficiencies in our American democratic structure as applied to minority groups, generally, and American negroes particularly, are fearlessly and honestly met by the forces of organized labor and other post-war planners. I submit that it is almost idle folly to talk about national unity when large segments of the population of the country are denied, either outwardly or by subterfuge, the most elementary rights and privileges upon which our American democratic society is based and for which American citizens of all origins, walks of life, and nationalities are shedding their blood on the high seas and on all the far-flung battle fronts of the world.

In many states of our American commonwealth large numbers of American citizens are denied the right to vote by divers ways and means for the only reason that they are members of the prevalent minority group of the negro race. Recently the United States Supreme Court, by an overwhelming majority of its members, nullified and outlawed one of the most nefarious practices long indulged in by some of the southern states; namely, the white primary. However, almost instantaneously, men in high places in government and public life began to express their wrath at this decision and to publicly suggest ways and means of avoiding compliance with the organic law of the land as upheld by America's highest legal tribunal.

The children of many American citizens are relegated to inferior educational facilities in the elementary and high schools of many states and definitely barred from attending the state universities in many of these states for no other reason than that they are members of the largest minority group in America, the negro race. This pattern, incidentally, in recent years is becoming contagious and is being spread by subtle methods to some of the more enlightened communities of the nation.

Soldiers who are members of the largest minority group in America have been subjected to the most severe and drastic humiliations in the interest of maintaining what is generally referred to as "more of the community." Recently a group of negro soldiers, after returning from the jungles of one of the South Sea islands, stopped to listen to a short-wave broadcast, anxious to hear news from home, only to hear a newscast of the base appeals of a United States Senator counseling his constituency to maintain this thing called "white supremacy" or "white superiority."

In an investigation held by one of the government agencies shortly after Pearl Harbor the astounding information was revealed that one of the large industries engaged potentially in defense work had recognized a pattern which in substance dictated that no Chinese, Filipinos, negroes or dark-skinned Mexicans should be employed in the industry.

Some 25 to 30 American citizens who were discharged from the United States Army because of their peculiar skill as metal miners found out, after having been sent to one of the large mining concerns of the nation, that they were prevented from going into the ground to perform this essential work because the labor organization which had the collective bargaining rights objected for no reason other than they were members of the prevalent minority group—the negro race.

American workers in too many instances are denied the full privilege of trade union membership and relegated to second-class membership for no other reason but that they are members of this large minority group. American citizens of negro extraction find difficulty in many cities of the nation, particularly in the capital of the United States, in getting the most ordinary services, such as a meal, a drink, or a seat in the movie theater, for no other reason but that they are members of this outstanding minority group.

The doctrine of separate but equal accommodations has prevailed in a large section of the country for people who have occasion to travel for no other reason but that in those communities there are large classes of American citizens who are members of this minority group.

The aforementioned items are some examples of deficiencies in our democratic structure which I submit must be honestly met and eventually eliminated if there is to be substantial social progress or national unity in the post-war period. It cannot be expected that after the aggressive campaigns that have been and are being constantly carried on against Fascism and totalitarianism, and in the interest of the Four Freedoms and the democratic way of life, that the large part of the population of America that has been subjected to the denial of the most elementary rights for which we are fighting will continue to accept without protest, even in a post-war period after a successful victory in behalf of democracy, these illogical practices.

The conditions which subject the negro-American and other minority groups to a second-class citizenship can only be kept alive by the same patterns of force that have been used to keep the people of the Axis-controlled countries under the domination of the existing dictatorships. If the leadership to which America aspires in the post-war world is to be recognized, then there must be revolutionary changes in the thinking and practices of the American people so far as negroes and minority groups are concerned, and the rights of these minority groups to participate fully in the blessings of democracy must be honestly conceded as a basic principle and not just tolerated.

The actual enforcement of the fourteenth and fifteenth amendments to the Constitution of the United States, the abolition of racial discrimination in the armed forces, a permanent Committee on Fair Employment Practice and a representative of the negro people at the peace conference are some of the things I submit that would enhance national unity in the post-war period.

Equality of opportunity for all American citizens in every phase of American life must actually be recognized, and that without the present-day sidestepping of the issue with such admonitions as "Be patient," "The time is not right," "You know how I feel personally about it but we will have to go slow," and similar slogans. Equal and unequivocal equality before the law, equality of educational opportunity, equality of employment opportunity, equality of recreational facilities, equality of housing facilities, political equality—in fact, complete equality for all citizens must of necessity, I submit, be the basis of any bona fide program in the development of social progress or national unity in the post-war world.

Since most of the citizens of this nation who are subjected to these undemocratic and un-American practices are part of the working class group the problem presents a challenge to Labor, particularly organized labor, which has assumed the responsibility of furthering the program of the much-heralded "more abundant life" for the workers of the nation. I further submit that an honest, straightforward approach to these problems by the organized labor forces and other agencies of American life interested in post-war planning must meet the challenge in the post-war period to the end that enormous sacrifices which will have been made before the totalitarian

and Fascist influences of the world are eliminated, will not have been made in vain.

Organized labor, with its increased strength and prestige, which in the past has accomplished so much in bringing about the many beneficial economic and social reforms for the working people of the nation, is the logical agency to meet this challenge. It can—and if it is to survive in the post-war period it must—lead the way. (Applause.)

CHAIRMAN NESTOR: Thank you, Mr. Webster.

We made a little change in the program this morning. Victor Olander will speak this afternoon, so you are not going to miss his address.

Now the last speaker this morning represents an organization that has a large membership of women. I am very pleased to introduce Mr. Max Zaritsky, who is President of the United Hatters, Cap and Millinery Workers International Union. (Applause.)

MR. MAX ZARITSKY: Ladies and gentlemen: Whoever it was who coined the phrase "Too little and too late" must have had me in mind! I haven't had time to prepare any address. I will therefore ask your indulgence—to bear with me. Because I haven't prepared anything I shall probably have an opportunity to speak my mind.

When we speak of national unity, I presume we have in mind unity in the post-war period. There is national unity today. Our industrial machine, which is the most important now, seems to be running very, very smoothly. There is unity on the production line. Our prodigious production—that is, production by the millions of American workmen for which, by the way, management has graciously consented to take credit—spells unity. It seems that the Union League Club and the Labor Lyceum have reached across, shaken hands, and have established an interoffice, as it were, telephone communication. There is unity between capital and Labor in this country today. With the exception, perhaps, of some groups, minority groups on the, shall I say, lunatic fringe of society, the country at large is united, united behind the war effort, even united behind our Commander-in-Chief.

The subject, therefore, as I take it, is a basis for national unity after the war when we shall return to normalcy—whatever that may mean. Now, before we offer any basis for unity or for anything else it is customary to diagnose the case. What is it that causes disunity, if any? What are the ailments that this nation suffered from before the war and that it might suffer from after the war? The Atlantic Charter and the Four Freedoms promulgated by our President, among other things, stress the economic problems. The Atlantic Charter speaks of economic opportunities, access to raw materials, in addition to self-determination of people, which probably would include economic self-determination, freedom from want and such, which refer to economic problems, so that I shall confine myself to the economic aspect of the problem of unity. The national problem of unity is but a reflection of the international problem of unity. In this country we have always assumed and always assured ourselves that we live in a classless society. We have never recognized nor accepted the theory of class distinction, of the class struggle. We have always thought of the term of class struggle as a foreign importation. But those in our society who have always possessed the power, economic and hence political, have thought, or at least acted, otherwise.

It is true that we have no class of peasantry. We have no peasants in this country. But we have tenant farmers; we have share-croppers. We have given it a different name. We have no "lumpen" proletariat, but time was when we had 15,000,000 unemployed people. That was the American scene not so very long ago, and if nothing is done about it we shall see that scene again. A "lumpen" proletariat with a different name given to it.

American labor has consistently and persistently refused to accept the theory, as I said, of the class struggle. But our industrialists seem to have swallowed Karl Marx, bindings and all, and while they are preaching class unity they are practicing and carrying on the class struggle. They believe in class distinctions. The man with the morning frock coat and striped

pants has never wanted to associate or identify himself with the man in overalls, and he has acted accordingly. The history of American Labor is the history of the class struggle, whether we accept it or not, whether we appreciate it or not, and the history of American Labor has been the history of a constant struggle against class legislation.

The Sherman Anti-Trust Act, supposedly enacted for the purpose of controlling monopolies, but actually practiced on Labor exclusively, surely is not conducive to national unity. The injunctive process invented here—an American invention, and practiced against Labor—is not conducive to national unity. The multitudinous laws enacted against Labor in so many states recently are not conducive to national unity. Poll taxes are not conducive to national unity. The conception of the Little Steel Formula, a limitation of 15 per cent on earnings and wages for Labor on the one hand, and on the other a sky-high limit on salaries for executives of corporations—that idea, that conception is not conducive to national unity. Racial and religious discriminations in employment are not conducive to national unity. Anti-Semitism is not an ingredient of national unity. Jim Crowism is not an ingredient of national unity. Insecurity, economic insecurity, fear of want, is not conducive to national unity. The absence of industrial democracy as a basic fundamental human law in the fabric of our society is not conducive to national unity. The specter of unemployment haunting millions of our people surely is not conducive to national unity.

These are but a few of the problems affecting us when we think in terms of national unity in the post-war period.

What are the remedies? What are the bases for national unity? I shall offer one point which may be a controversial point, but it will give us, some of us at least, food for thought. A free press is essential for creating unity within a community or within a nation, but I may be told, "Haven't we a free press?" My answer is, we have freedom of the press, but we are far from having a free press. A press in order to be free must be economically independent. Our press is economically dependent upon those who have the power, financial and other, to control the press. Our press is a huge propaganda machine turned on and off as occasion would require, for or against certain phenomena in society, and we have had the experience in the past 10 years that the American press has been turned into a propaganda machine against the trend of economic and social equality in this country.

So the first essential for national unity is a free press.

Labor has never been accepted by society as an equal force, if not an equal partner, in deciding the destinies of the nation. Labor has been fighting for it, but as yet has had no recognition by those in power or by those in charge of the economic machine of our nation, and until such time as Labor is accepted as an equal partner in our dynamic society, national unity will remain but a hope and a slogan, but not a reality.

Full economic opportunities for the masses of our people will spell national unity. Full security—security of a job, security of employment, security of other economic opportunities, and security in old age—all these will spell national unity. Equality in opportunities for education, the subject which was so admirably covered by my good friend, Dr. Counts, give people light and there shall be unity, because there will be understanding. Ignorance, illiteracy are the breeding place of prejudice and of disunity. Give the people education. Let us not confine higher education to the higher stratum of society, but higher education, full opportunities for education must be afforded the entire American population, and there we have a basis for national unity.

I think in these coming months Labor must demand a place, a sizeable place, at the peace table, at the peace conference table, and Labor in addition must demand, and I hope will demand, equal representation with other elements of society in all governmental agencies in our nation. Labor, which contributes so much to society, must be accepted by society as an equal partner. Labor must assume the burdens of government and Labor will be glad to assume these burdens if given the opportunity and given the right.

And to conclude, I submit one more proposal for national unity. While preaching unity to all other segments of society I

express my hope that Labor will practice charity at home, that the house of Labor will be reunited. I am not addressing this particular remark to the American Federation of Labor. It is not for the American Federation of Labor to make that decision. It is the other wing of the house that I am addressing my remarks to. Let there be unity in the ranks of Labor so that a strengthened, an enlarged, and greater labor movement shall have the opportunity, and the power, and the strength to speak for and fight for national unity. Thank you. (Applause.)

CHAIRMAN NESTOR: Thank you, Mr. Zaritsky.

I will now turn the meeting back to Mr. Woll, who has some announcements.

MR. MATTHEW WOLL: I am going to ask everyone in attendance to be here promptly at 2.30 this afternoon, when the program will be, of course, most interesting. The address of Eric Johnston will come direct to us by radio.

In order to have our program on time, and in order to complete the full program we have, do be here at 2.30 promptly so we may then start. Thank you very much.

The session adjourned at 1 o'clock.

THURSDAY AFTERNOON

April 13, 1944

The fifth session of the American Federation of Labor Forum on Labor and the Post-War World convened at 2.30 P. M., at the Commodore Hotel, New York City, Mr. George Meany, Secretary-Treasurer of the American Federation of Labor, presiding.

MR. MATTHEW WOLL: We are deviating slightly from the fixed program by reason of the fact that Mr. Eric Johnston, President of the United States Chamber of Commerce, will address the afternoon session by radio transmission at 3.15. We want to avoid interfering with the addresses of the other speakers on the program. Then, too, we have an able representative who has a message of importance, not alone to Labor but to our people generally, on the subject of "The Freedom of the Individual."

I take this opportunity of presenting this labor representative. He is the Secretary-Treasurer of the Illinois State Federation of Labor. It pleases me more than I can express in words to present this labor official to you, because of my long association with him both in Chicago and in the whole state of Illinois, having served with him in the work of the Chicago Federation of Labor and later on in the work of the Illinois State Federation of Labor.

I regard him as one of the most able officials we have in the American labor movement. Then, too, I take great pride in presenting him because of the great personal friendship I have formed for him and which I hope, and in fact which I feel confident, may be reciprocated on his part.

Without further eulogy of his abilities, his great character and understanding of the labor movement and the loyalty to the workers' cause, I present to you Mr. Victor Olander, Secretary-Treasurer of the Illinois State Federation of Labor. (Applause.)

MR. VICTOR A. OLANDER: Mr. Chairman and friends: I shall address myself to the subject of basic freedom as the most vital element in our national life.

In an effort to show whence we came, and where we are, so that we may, perhaps, better determine whither we go, I shall have occasion to refer to human slavery.

Yet it is no ancient tale I am about to relate. Only three weeks ago the Supreme Court was obliged to invalidate a state law on the charge that it provided for involuntary servitude in violation of the Constitution.

Scarce two years have passed since the court took similar action against another state for the same reason.

It is well that we heed the historical warning: "Eternal vigilance is the price of liberty."

With these preliminary remarks I now venture to speak on the main subject in the hope that I may offer something worthy of your attention.

The firm foundation of American life is the equal status of all persons under the flag as free men and women.

The cry of freedom is now on the tongues of all men throughout the world.

What the people of other lands hope for, the people of America already have.

That great fact of American life should be made known to all.

It marks the essential difference between America and all other nations of the earth.

It is the very essence of Americanism.

The schools, the press, and the pulpit, as well as the trade unions, should give earnest attention to the subject.

Not enough is being said about it.

The origin, development and character of human freedom under the American flag should be set forth in plain, simple language which all may understand.

Freedom is the direct opposite of slavery.

Fundamentally, both terms relate to a condition of the person.

A free man is one "not in bondage."

A slave is "a person held in bondage."

Bondage is a condition of forced labor.

There never was a slave, or a serf, or a bondman, except for the control and use of his labor power.

The freedom of the individual man and woman in the field of labor is the basic freedom from which all other liberties flow, and without which they are of no avail.

The United States of America is the only nation that has inscribed that basic freedom in a definite constitution, not subject to suspension or modification by government authorities.

In other parts of the world, the liberties of the workers can be restricted at will by government executives or by legislative bodies.

The nations of the earth should be called upon to follow the great example of America in relation to the status of the people within their respective boundaries.

While we plead for others, we may be inspired to learn more of ourselves.

The American people are the freest people in all history.

But they did not always have that proud distinction.

Nevertheless, its achievement was a well defined national objective, from the very birth of the nation.

A brief review of American labor history at this point will serve as a reminder that, even in free America, the freedom of the workers, as a matter of constitutional right, is of comparatively recent origin.

Prior to 1865, the common man—the man who worked for wages or salary—had no guarantee of liberty under the Federal Constitution.

In witness of this, I quote from Article IV of the Constitution:

"No person held to service or labor in one state, under the laws thereof, escaping into another, shall, in consequence of any law or regulation therein, be discharged from such service or labor, but shall be delivered up on claim of the party to whom such service or labor may be due."

There was no color line stated, and none intended.

In the Madison minutes of the Constitutional Convention of 1787, there is recorded a motion "to require fugitive slaves and servants to be delivered up like criminals."

The "slaves" were negroes who were generally held for life.

The "servants" were mainly *white* workers, of all callings, "bound to service for a term of years," as referred to in Article I of the Constitution.

The recapture clause in Article IV was clearly intended to apply, and in practice was applied, to "slaves" and "servants" alike.

The problem of so-called "run-away" workers was a matter of grave concern in the colonies over a long period of time.

During the 17th century, the number of white workers "bound to service," it is reported, exceeded that of negro slaves.

The system extended in varying degrees through the 18th century and into the 19th century.

White workers were publicly advertised for as "runaways," even after the Constitution had gone into effect.

The development under various *state* constitutions and laws is another story. An irresistible trend towards freedom was apparent in many sections of the country.

But in those days no man or woman could cross a state line with any guarantee under the *Federal* Constitution that he or she would remain free.

On December 18, 1865, the great event took place which completely revolutionized the constitutional status of all American workers.

That was when the Thirteenth Amendment to the Constitution was ratified.

The amendment outlawed slavery and involuntary servitude.

It thereby nullified, while not actually repealing, the recapture clause in Article IV.

It had a similar effect on the clause in Article I referring to persons "bound to service."

Then it was that the United States underwent a rebirth, constitutionally, as a nation of free men and free women.

The Bill of Rights then, and not until then, became applicable to all workers, regardless of state lines.

The way was thus paved for the rise and development of the American labor movement of the present day.

The progress of Labor in the years that followed was challenged in many ways by the great corporate interests of the country.

In the course of time the discretionary power of the equity court was invoked against organized labor.

There was a legalistic revival of the old theory, an outgrowth of slavery in other lands a couple of centuries ago, that the "master" had certain property rights in the labor of a sufficient number of "servants" to meet his needs.

Injunction judges responded by issuing arbitrary court orders designed to restrict the activities of trade unions.

The practice became nation-wide.

In recent years, the injunction evil, as relating to labor has been greatly modified by the action of Congress and various state legislatures, though not yet entirely eradicated.

During the course of the long struggle of the American Federation of Labor to abolish the labor injunction system, a development took place which became of world-wide significance.

It was the inclusion in the Clayton Act of the phrase setting forth the principle that "the labor of a human being is not a commodity or article of commerce."

In 1919, under the leadership of the great Samuel Gompers, whose memory we all venerate, the language of that clause was inserted in the draft of a section of the great International Treaty, at the end of World War I.

After Gompers left the Peace Conference in France, to attend the annual convention of the American Federation of Labor in Atlantic City, the clause in the treaty draft was modified by the insertion of the word "merely" before the word "commodity."

The work of Gompers seemed thus to have been completely nullified.

Nevertheless, the ground he had plowed, and the seed he had sown, brought forth fruit.

A few years later, the International Conference on Slavery under the auspices of the League of Nations, presented the International Slavery Treaty to the nations of the earth for ratification.

It was a call for the universal abolition of slavery. That was in 1925.

In 1930, the international draft convention for the abolition of forced labor was submitted by the International Labor Office to the governments of the world for acceptance.

The forced labor issue, involving the status of the workers of all the world, has continued to be the subject of inquiry and action by the International Labor Office even to the present day.

The American Federation of Labor led the march towards freedom for the workers of all nations at the end of World War I.

The American Federation of Labor should now gird itself to again lead in that forward march.

The keynote in post-war planning should be an insistent demand for the freedom of all workers, universal throughout the world.

The following statement of principles should be included in the post-war program:

1. We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable rights, and that among these are life, liberty, and the pursuit of happiness.

2. Neither slavery nor involuntary servitude shall exist in any part of the world.

3. The labor of a human being is not a commodity or article of commerce.

There will thus be offered to the peoples of the world for international agreement:

First. The philosophy of human liberty as stated in the American Declaration of Independence.

Second. The American legal enactment against human bondage, which came into force in 1787, as applicable to the future expansion of the Republic, and in 1865, as relating to all inhabitants of the land.

Third. The expression of American law, enacted in 1913, which, in effect, means that the labor power of man is an attribute of life inseparable from his person and cannot, therefore, be made the subject of sale and purchase involving change of ownership as a commodity and article of commerce.

Upon the sure foundation of these basic principles, there can be safely placed whatever other provisions may seem calculated to enhance the social, economic, and political welfare of the people of the world.

Allow me now to emphasize the fact that the freedom of the person—the individual man and woman—from compulsory service in the field known to common law as that of “master and servant”—employer and employee—is the basic freedom from which all other liberties flow.

Permit me to again point out that our great Republic has the proud honor of being the only nation in all history to inscribe a clear declaration of that basic freedom in a written constitution.

The knowledge of that great fact alone should be sufficient to arouse the workers of America to give the fullest possible expression of devoted loyalty to the flag symbolizing their liberty.

We have not yet made the best use of our great freedom.

It has often been challenged by reactionary forces.

Nevertheless, that freedom is ours, to use to the extent that we understand its nature and purpose.

Even as we plan for peace, however, we must increase our war activities.

Will our great freedom survive the terrible strain of the world conflict?

It is within our power to give an affirmative answer that will be heard around the world.

American labor has done well as a whole.

It has not been equalled in war production by the labor of any other land.

We surpass all!

Yet, as the moment of the great invasion of enemy territory approaches, a very dangerous venture essential to victory, we

must do even better, under greater difficulties than we have encountered heretofore.

The supply sources of our armed forces must not fail, regardless of cost in effort or money.

That can best be assured by the willing service of free American labor.

We need not surrender our freedom in any degree—not even for a moment.

But we must make the right use of that freedom—every moment.

We must now prove to all mankind that as the freest people in all the world, and the happiest people in peace, we are also the most loyal people in war.

Thus, we shall make certain that organized labor of America may have an effective voice at the Peace Conference when the war ends.

While awaiting the happy hour when declarations of peace still the drums of war, let us endeavor to acquaint ourselves more thoroughly with the character of our own great Republic.

It is well that we should remind ourselves that the American torch of human liberty was lighted by the hand of Jefferson, even as he penned the Declaration of Independence.

The assertion of equality of status for all the inhabitants of the land was no mere expression of a pleasing theory.

It represented a definite plan of action for the future.

Eight years later, in 1784, a committee appointed by the Continental Congress reported the draft of an ordinance relating to the western territory.

That draft contained the proposal against slavery and involuntary servitude, which, eighty-one years later, became a part of the Federal Constitution.

Thomas Jefferson was the chairman of that committee.

His report failed of passage at the time.

It received the favorable votes of a majority, both as to the number of members and of states, but lacked the sufficiently large majority necessary for adoption under the Articles of Confederation.

Three years later, in 1787, the Jefferson proposal was reported by another committee.

It was then adopted by the Congress as a part of the now famous Ordinance to Govern the Northwest Territory.

The authorship of the Declaration of Independence and of the language of the Thirteenth Amendment is the same, namely that of Jefferson.

Why the strange silence among our people in regard to that great fact of American history?

It presents convincing proof that the attainment of human freedom throughout the land was a part of the definite national plan of the founders of the Republic.

In the years that followed, loyal and courageous men, less conspicuous than the great Jefferson, carried the torch he had lit through the awful morass of chattel slavery during the first half of the life of the nation.

Ultimately, it passed into the firm grasp of the immortal Lincoln.

Under his care, the flame of liberty reached its full glory. That torch is now in our hands.

Let us beware lest, in an unguarded moment, we surrender our precious birthright for some enticingly decorated “mess of potage.”

It is we who must now light the way for the workers of all lands in our post-war plans and activities.

We, you and I, and all of us, are the legitimate heirs of Jefferson, of Lincoln, of Gompers, and of the great host of our forebears to whose intelligence and struggles we owe our present status as free men and women.

We, I repeat, are the torch bearers of today.

Are we fit successors to those who have gone before?

Have we the intelligence, the courage, the energy and the moral strength needed for the task ahead?

I raise my eyes to the heavens and pray from the very depths of my soul—for all of us—that we shall not fail:

“The Founder Thou! these are Thy race!” (Applause.)

MR. WOLL: Thank you very much, Mr. Olander, for your enlightening and inspiring presentation here on the freedom of the common man.

Before introducing the chairman for the afternoon session, might I remind everyone here that we have an evening session which commences at 8 o'clock? And it is our urgent hope that all of you will be in attendance promptly because we have two eminent speakers on that occasion, Father Ryan and Paul V. McNutt, the Chairman of the War Manpower Commission. I urge likewise that you invite your friends that were unable to attend our daily sessions to be with us here at the evening session. Please try and be here yourselves, bring your friends and come here promptly.

It is now my pleasure to present to you the chairman for the afternoon session. He is well known, of course, to all of you; a young man who rose here in the East in the great metropolitan City of New York, first undertook work in the building trades, then was honored with the presidency of the New York State Federation of Labor, and is now honored with the Secretary-Treasurership of the American Federation of Labor.

In him we have a man who is not only loyal to the trade union movement, but loyal to the common man and to all of the citizens of our nation, a fearless fighter, a true apostle of trade unionism and of the liberty and the rights of the American people.

I take great pleasure in presenting to you the Secretary-Treasurer of the American Federation of Labor, George Meany, who will be the chairman for this afternoon's session. (Applause.)

CHAIRMAN GEORGE MEANY: Ladies and gentlemen: I am very happy to try to do my bit this afternoon acting as chairman at this session. As you know, the subject for this afternoon's discussion is "Free Labor and Free Enterprise."

Now, of course, we know what free labor is and we have our idea of what is meant by free enterprise. There is a great deal of talk about individual initiative, about the place of the individual in the American system and about the right to engage in free enterprise. If this session this afternoon does no more than clear the atmosphere to the extent of perhaps determining just what we mean by the expression "free enterprise," it will have made some contribution to a solution of our post-war problems, because unless we find that we are talking about the same thing we will not be able to effectuate a constructive program in the post-war world.

If by "free enterprise" and "free labor" we of the trade union movement mean one thing, and people in politics mean another, and representatives of industry mean still another thing, we will not proceed in a very orderly fashion. So as I said before, I am hopeful that this afternoon we can perhaps clear the atmosphere to the extent of at least knowing definitely what the representatives of the various segments of our economic life mean when they refer to "free labor" and to "free enterprise."

Our speakers this afternoon will be Mr. James Patton, representing the National Farmers' Union; Mr. Robert Gaylord, President of the National Association of Manufacturers; Mr. Eric Johnston, President of the United States Chamber of Commerce, who will speak to us by way of radio transmission from Seattle, Wash.; and Mr.

Murray Lincoln, President of the Consumers' Cooperative League. We will have representatives of Labor in the persons of Brothers Lynch, Milliman and James Duffy, take up a discussion after our invited speakers have delivered their addresses.

The American Federation of Labor has gone on record, time and again, as a firm supporter of a system of free enterprise. You will notice that I did not say "the" system; we do not support any system of free enterprise, a blind and self-seeking system of free enterprise. We support a system of free enterprise as it should and could and, I hope, will exist.

Even a casual review of the economic history of the last twenty years will show too many businesses that have been neither free nor enterprising, in the best sense of the word. Too many of our business men have allowed their first loyalty to be, not the common good, but the bankers, the insurance firms, the monopolies upon which they depended for credit. Let's be frank about this.

Too many of our business men, in the past, have allowed themselves to drift with the tide, showing neither courage nor common sense, neither foresight nor the saving grace of having learned from experience. Of those who drifted with the tide, we know how many were drowned in the tidal wave of '29.

I don't want to be too critical, but I want to face facts, and even when facts aren't pleasant, I like to state them anyway. As a building tradesman, I know how and when to use flowers and shrubs. They come after the building has been completed and okayed. They are a decoration and a finishing touch—a landscape job—they mustn't be used to conceal defects in your foundation or mistakes in workmanship.

I think it is fair to take the 20's as a typical period, and judge American business on the basis of its attitude during that time. During the boom, American business rode high. Occasionally it rode wild, and when it rode wild it rode very handsome indeed. Compare this with its cowardice when the boom collapsed, with its short-sightedness in the 30's. There was a time when we came very near to the end of our system of free enterprise, and with it our entire system of private property and representative democracy. I think business must bear the brunt of the blame for that.

Eric Johnston recently said that business men had once put themselves in the doghouse, and warned that Labor is putting itself in the doghouse right now. I do not entirely agree with him on either score.

As far as business is concerned, I should like to remind you that American business started the depression, in 1929, with over ten billion dollars in undistributed profits and capital reserve, and in 1932, when the New Deal started repairing our economic structure, business was not left out in the cold by any means. The building was cleaned up, the foundations shored up, the rooms repainted, and, by and large, the old tenants moved right back in. In the meantime, of course, there had been casualties, and a lot of harsh talk. But I wouldn't call it the "doghouse." I would call it a temporary recession of good will, more than equal, in dollars and cents, by the way the government gave business practically a clear field on its own terms when the defense emergency arose.

And in this period what Labor got was no more than the letter of the law—the honest protection of the law for people who wanted to exercise their right to join associations for the purpose of bargaining with the employer on reasonably even terms.

I think what Mr. Johnston actually meant, when he said that business had been in the "doghouse," was that business had at one time been generally condemned, and Labor praised in the forum of public opinion. There, I regret to say, I think he is completely off the track. I challenge any one familiar with the American press of the past twenty years to cite any period when Labor got a better or bigger press than business, when business was viewed with alarm and Labor was not, or when Labor was praised as a progressive force and business was not. This same challenge applies to radio. This same challenge applies to any measuring rod of average American opinion, such as the Gallup poll.

All these remarks are reminders, rather than accusations. We are dealing here with the post-war world; we are thinking of recommendations and sincere aspirations, and not of the errors of the past. The post-war world will be a challenge to American business. We sincerely trust that our business men are making themselves ready to meet that challenge as it should be met—honestly and thoughtfully on the basis of the merits of their goods and services, without the fifth column of false advertising or manipulation of the news.

A truly American system of free enterprise must be based on fair trade practices, and upon honest dealing and fair value. As American Labor understands it, free enterprise does not admit the use of sham advertising, tie-in sales, unfair combinations in restraint of trade. As American Labor understands it, business cannot successfully compete in the world market unless it is aided and not hindered by Government. Industry will need the cooperation of federal, state and local governments in the post-war transitional period, but there is a great difference between assistance and dictatorship, and we know that economic dictatorship is no less great a danger than political dictatorship.

The members of the American Federation of Labor are essentially conservative. They are determined to secure the good things of life for themselves and their families. They are hopeful of accumulating a reserve sufficient to provide them with reasonable security. Our members want jobs in which they can really earn their living, where they can render service for fair and decent wages.

The American worker believes in free enterprise and capitalism, and that he has an important place in that system. He believes in private property, and wants to have some of it. He believes that every one should work for what he earns. He is ready to help his fellow man get along, but he refuses to carry a slacker on his shoulders.

The American worker makes the necessary and essential distinction between business enterprise and speculation. He is not misled by cartoon figures. The American worker knows what business can do; he knows from first-hand experience of the planning, the imagination and the research that have made our productive machine the most magnificent in the world. The American worker knows the exceptions—the ruthless ones, the gamblers, the monopolists. But he knows that they are not typical, he knows them as exceptions.

We can have free enterprise if we have free Labor. The best, and I believe, the only prospects for the continuance of free enterprise depend on a fair partnership with free Labor, equal in strength, responsibility and vision.

Let's be realistic. What are the alternatives? Does any sane man claim that Fascism, Nazism or Communism are better than free enterprise? In practice they have proved themselves just the modern version of ancient slave raiders who depended on stealing what helpless neighbors possessed and forcing them into a form of slave labor.

The test of any industrial system depends on how well it serves the customers. The test of American free enterprise will be its ability to serve and create markets. Who are the customers that American business must depend on?

The high-pressure international financial manipulations, the paper profits, the bookkeeping bonanza of the 20's are definitely out. American business must produce for people who can produce in return. American workers are the most important customers for American industry and agriculture. The extent to which they are enabled to buy what America produces will be the test of free enterprise.

I do not mean to imply by this that we must live behind the walls of isolationist tariffs. We must import and we must export, but we must protect our first and most important market by protecting the national wage scale, which means, in any logical development, protecting the national income and the national purchasing power. This will be impossible if a short-sighted policy of seeking immediate profit permits American business to compete, without safeguards, against the products of sweatshop and forced labor, or against products produced in countries with wage and living standards far below our own.

I repeat—the basis for our future economic health lies in the home market. The factory worker and the farmer must serve

each other. They must both produce efficiently, and their goods must be sold at prices which the customer can afford, and of course what the customer can afford will depend on whether he—the producer—is paid a really fair share for his services.

More than this, free enterprise must conserve its assets. Provision must be made for maintenance and depreciation of the tools of production. No responsible corporation fails to provide for upkeep and replacement of machines, but generally speaking, few corporations make any provision for maintenance and depreciation costs of its manpower. What is politely termed an "efficiency expert," we of Labor have discovered in the past, has usually been the fellow who could get the most work out of the personnel in the shortest time—and then escape paying for the damage.

That is not free enterprise. Our nation cannot afford, from either the realistic or the humanitarian standpoint, to waste its resources, human or material. There must be a conservation policy for both, with practical and accurate accounting.

It is time for us to get together and work out the system of controls which will keep our tremendous economic machinery working at full capacity. We know that production power and purchasing power sustain and revitalize each other. We can gear our economic machine to balance these two powers.

It is a tough job, but it is a job that has to be done. And we of the American Federation of Labor, who stand ready to help, welcome this opportunity to meet with the President of the United States Chamber of Commerce and other business leaders to plan an economy of plenty which will conserve manpower and materials for the service of all our people. (Applause.)

CHAIRMAN MEANY: Within a few moments we will hear from Mr. Johnston, who is speaking from Seattle, Wash. He had expected to attend this conference but was unable to be here and arranged to speak to us over the air. I think I have about 45 seconds and then I will make the official introduction, which will also go over the air, so if you will just wait the few seconds until I get the signal we will proceed.

After we hear from Mr. Johnston, as I told you before, we will hear from the other named representatives of business and agriculture, and maybe after we have heard from them all we can get together through our associations and decide on an industrial and economic definition of what is meant by "free labor" and "free enterprise."

The next speaker to address our conference here today will speak to us on the air from Seattle, Wash. He is the most prominent and presently active spokesman for the American business man. Speaking for organized business, he expresses in the councils of state the opinions of business on wartime economic policy. He is a member of the Committee for Economic Stabilization, a member of the Management-Labor Policy Committee of the War Manpower Commission, and the War Production Board. He is a member of the Business Advisory Council of the Department of Commerce. He is one of the key figures on the Committee for Economic Development.

I take pleasure in presenting to you by way of radio transmission the President of the United States Chamber of Commerce, Mr. Eric Johnston. (Applause.)

ANNOUNCER FROM SEATTLE: A national conference on Labor in the Post-War World is now under way—a conference being held under the auspices of the Post-War Planning Committee of the American Federation of Labor, headed by Matthew Woll, at New York's Hotel Commodore. At this moment many delegates from labor unions throughout the country are assembled in a session of the conference, over which Mr. George Meany, Secretary-Treasurer of the American Federation of Labor, is presiding. Mr. Eric Johnston, President of the Chamber of Commerce of the United States, will speak from Mutual's Seattle

studios on "Free Labor and Free Enterprise in the Post-War World," Mr. Johnston.

MR. ERIC JOHNSTON: Ladies and gentlemen: I regret my inability to be present and to participate actively in the National Post-War Forum of the American Federation of Labor. First, I am happy, that from my own State of Washington, I can bring you the greetings via radio and express my approval of the purposes for which Labor, Industry, Agriculture and Government are thus joining forces.

It was just a year ago this month that the annual meeting of the Chamber of Commerce of the United States formed a setting for a significant event in the movement towards better relations among the major segments of our economy of free enterprise. For the first time in the history of the Chamber, Labor and Agriculture shared with Industry a session at an annual meeting. With one voice, spokesmen for Labor, Agriculture, and Industry agreed that the utmost in national unity was an absolute prerequisite for victory in war and in peace. Also, Mr. Green called it a permanent bulwark for the preservation of our system of enterprise. Since that occasion I have had the pleasure of participation with many representatives of Labor and Agriculture on radio programs, at meetings, and in conferences to promote more effective cooperation in the war effort and also after the war.

As a member of a number of government war advisory committees, I have worked with representatives of Labor and Agriculture to devise methods for improvements in war mechanisms. Similarly, we shall plan with the government for a joint offensive against the economic factors which threaten to make difficult the post-war task. I cannot too strongly emphasize one thing; that is my beliefs in the necessity for united action by Industry, Labor and Agriculture under the type of governmental association which is consistent with American principles. This is essential in free enterprise to meet the challenge which confronts us in the post-war world. Free enterprise, and I define it, is a system which gives every American an even break as it offers the rightful heritage of American citizens to get ahead and to use their heads in accomplishing the things that they want to accomplish as long as they do not infringe upon the rights and opportunities of others.

Individual countries can exist only where there is free enterprise. Like a plant which requires the right kind of climate, soil, and care, opportunity must have favorable conditions. It must be encouraged in the hearts and the spirits of men. It can find no better land in which to grow and come to maturity than here in America. It is my deep conviction that any form of the super-state would sound the death-knell of America's singular greatness. It would mean the placing of people on a dead and dull level. It would end the hope which is derived from opportunity. The characteristic which has always marked the American most distinctly in contrast with other nationalities has been his individualism, in spirit of adventure. Because of it our country throughout the decades has been an exciting, colorful, stimulating land of infinite variety and boundless energy.

With the individualism of America we have created the wealth necessary to welfare. What America has accomplished in the past is an index of what it may achieve in the future. It is a simple, demonstrable fact that the United States of America is the wealthiest, freest, best educated country in all human history. No matter how you measure it in goods produced, distribution of those goods, leisure, diet, hygiene, general education or political freedom, American capitalism for all its faults is clearly more successful than any other system known to man. Our country, of course, has enjoyed a variety of physical changes. Consider its unfavorable elements and it still remains true that other areas of the globe with equivalent resources and potentialities remain backward, impoverished, sluggish, while the United States was surging forward irresistibly. The differential is to be found in the American character, in American institutions. We have given scope to individual talent and ambition beyond any other country. We have honored and rewarded the great builders, the great inventors. We have encouraged the daring enterprisers and organizers. We have permitted no mildewed class prejudice to strait-jacket the individual in America. The American's faith in himself is the driving force of his capitalism. It is what makes that capitalism creative. That faith has found tangible form in total wealth

and in high living standards. We are still forging ahead, still intent on higher standards, less poverty, more happiness for more people.

Spokesmen for the American system of private enterprise or capitalism have too often made the silly mistake of confusing the thoughts and inequities of our way of life. For some reason they have thought it necessary to deny, explain away or even praise aspects of American life which no normal, decent-minded, warm-hearted human being can possibly approve. In defending capitalism I do not gloss over its defects or applaud its by-products. I have no more use for the accepted failings of its competitive enterprise system than the most ardent proponents of Utopia. I do not yield to any Socialist in deplored the conditions of the so-called submerged third or underprivileged third. I share their sorrow or their shame for the share-croppers, the migrant workers, the slum-dwellers, the ill-housed and the undernourished. If I could honestly agree with them that there is a short cut to perpetual plenty, freedom or glory, I would join them, but I cannot agree. There is no short cut. Our task of improving the lot of those at the bottom is a long, hard one, but our goal is clear. We eventually will attain it.

I belong to those spokesmen for the capitalist order who accept it enthusiastically despite its shortcomings. We accept the steel despite the slag. We are convinced that capitalism is a system that has yielded more desirable things than any other actually tried by man. We do not wish to remove attendant evils and injustices only, but to relieve the capitalistic economy itself and to provide the best insurance to be secured for these defects. Its successes far outweigh its excesses. It is surely no accident that free political institutions have grown with free economy, with private enterprise, with free management, with free labor. Destroy free enterprise and eventually all our freedom will vanish.

Those who wish to substitute governmental control in operation for the private enterprise system are fond of ridiculing the chaos of our present economic setup. They point to fluctuations in prices and employment periods of overproduction and under-production, statistics on business bankruptcy, the kind of hit-or-miss process of starting new businesses, manufacturing new products on an experimental basis, and so on, yet would any of us exchange our slow, unwieldy democracy for a government-dominated economy?

Quite aside from a traditional distaste for regimentation, we know that democracy works. Even the stream-lined surface unity of the super-state is more seeming than real. Scheming discontentment engendered by state tyranny seeths and boils under the surface, threatening to break through. That is why collectivist states must always build up such vast machineries of secret police and other repressive institutions.

It will be our responsibility in the post-war era to instill in our people the policies and positions of confidence and of hope. One way is to provide steady, well-paying jobs in private industry. The wage earner must have greater continuity of income. He has fixed overhead costs, just as has the plant in which he works. He has rent, grocery bills, mortgage payments, light and water bills. He has hanging over him the threat of insecurity through accidents and illness. It is that fear which must be removed. Never again must we permit the haunting spectre of mass unemployment to undermine our national morale. Management, in my judgment, can safely go further in providing security and continuity of employment than it has. It must begin at once to explore means to do this. The solution will differ from industry to industry, from locality to locality.

Labor also has its responsibility in helping to achieve this end. It must oppose unfair and ruinous laws which would cripple business, which would discourage investment in new job-making enterprises.

In placing our faith in free enterprise and in building our program for the post-war world we must count upon the friendly and earnest collaboration of Management, Labor, Agriculture and Government, such collaboration as is intended by this forum of the American Federation of Labor. I am convinced that the cooperative attitude is gaining ground. I meet with consistent encouragement when I tell groups that we must solve our

problems around the council table without resort to government. If we run to government, government will run us, I have argued.

Every man with a sense of good will in the field of management is profoundly conscious of one danger that confronts our country after the war; I refer to the threat of industrial warfare. The difficulties of far-reaching adjustments will cause economic dislocation, no matter how carefully we plan. The challenge to our good sense that tend to seek areas of agreement will be as great as the challenge of war. Unless management and Labor can devise the instruments for pacific settlement of disputes the public will insist, and rightly so, on settlement by legislative compulsion. Whether labor-management relations will be kept on a voluntary basis or be ruled by government depends on ourselves. Upon ourselves depends no less the relationship with that enormous segment of American economy, the American population embraced by agriculture.

Now as never before we must seek an economic trinity, Agriculture, Management and Labor. Clashes between any of these elements are certain to upset the national equilibrium to the detriment of us all. The war brought home to us the fact which has been obvious all along, that the areas of agreement transcend by far the areas of conflict. In them as never before we sense our common stakes in our traditional political and economic institutions.

I am not unmindful of the hard row that must be hoed in the years ahead. We have enormous national debts, millions of returning soldiers and workers relieved from war industry, the ever-present threat of inflation.

I believe that this is a historic conference, a forum that would be perhaps not possible in any other country, could it be held. An important segment of American Labor calls into conference representatives of Government, Agriculture and Business to discuss post-war plans built around our free enterprise system. People in other lands would not understand this. They regard the interests of groups as divergent and antagonistic. In America we know that the interests and objectives of all are mutual and complimentary. This is the unity which has helped to win the war. This is the unity which will win the peace.

ANNOUNCER (FROM SEATTLE): From Seattle, the Mutual Broadcasting System has brought you an address by Eric Johnston, President of the Chamber of Commerce of the United States, on the topic "Free Labor and Free Enterprise in the Post-War World." Mr. Johnston spoke in connection with the conference now under way at New York's Hotel Commodore, under the auspices of the Post-War Planning Committee of the American Federation of Labor, headed by Matthew Woll. (Applause.)

CHAIRMAN MEANY: I am sure that Brother Woll, who is chairman of this forum, will convey to Mr. Johnston the sincere thanks of all those present here this afternoon for his very forward-looking and most interesting address.

It is now my pleasure to present to you a representative of industry who is the head of one of our largest associations of business men, the President of the National Association of Manufacturers, also President of the Ingersoll Milling Machine Company. He has taken a leading part in the machine tool builders' industry and its cooperation with the government during this period of stress. He is a member of the Machinery and Allied Products Institute and a Director of the National Machine Tool Builders Association. He was also a member of the now historic Industry-Labor Conference which was held in Washington right after Pearl Harbor which resulted in a pledge by Industry and Labor to keep the wheels moving until victory has been achieved.

I take great pleasure in introducing to you the President of the National Association of Manufacturers, Mr. Robert Gaylord. (Applause.)

MR. ROBERT GAYLORD: It is a great honor to appear before this Post-War Forum that the American Federation of Labor has so

ably sponsored, and in which the National Association of Manufacturers is glad to have a part.

The contribution that your representatives made at the National Post-War Conference held in Atlantic City last month was notable. It is of extreme importance that we Americans understand as fully as possible the problems that lay ahead of us. That understanding can be enlarged as we meet and talk together.

First and foremost, we must win the war. The best preparation for a solution of our post-war problems will be an early peace. The more effectively we work together now to produce the munitions of war, the sooner that peace will come.

The topic, "Free Enterprise in the Post-War Period," suggests that free enterprise may be entirely different when the shooting is over. Real, true enterprise will be the same then as it is now, but if we wish to enjoy the benefits of that productive system we must each do our part to make it operate more effectively, and to make it conform more nearly to the ideals of the free competitive enterprise system.

Hardly a speech is made today unless it starts out by extolling free enterprise. All bow to its marvelous war record. Men who have publicly and consistently advocated planned economy and have been openly critical of the rugged individualists developed in the free enterprise system now preface every public utterance with a strong, "We want free enterprise." That encouraging statement is often followed by a reservation that unless private enterprise does this or that, it must be done by the government.

These pronouncements all skirt the vital, fundamental issue of whether private or public enterprise is best for the country, and all neglect the fact that it is impossible for private enterprise to compete with public enterprise.

They are important omissions, for post-war economic problems largely revolve around the question as to whether we are to produce both the things we need in our everyday lives under private enterprise as free men, or under public enterprise where the state is dominant.

The terms and definitions of private or public enterprise need not concern us too much but to know which system will give us the greater comforts, the greater freedom, and the more security is overwhelmingly important.

The observations and definitions that I bring you are those formed in the hard-headed business world. They are simple and obvious.

First, human nature in the post-war period will be the human nature of today. Nothing changes less than human nature. The experience of centuries teaches us that some men will be workers; some will be thrifty; some will be dreamers; others content with little; and a few forever discontented. The post-war world cannot be too much concerned with these latter individuals. The vital question is, how will society fare as a whole? Under which system will society as a whole live more comfortably and more happily?

Second, the needs of the post-war will be filled only as we work, and work effectively. Giving a job to every one who is willing to work is not the answer, for our needs will be filled by production, not by jobs.

Third, industry does not exist to make jobs. It makes the things the people use in their everyday lives. The customer never steps up to buy an hour of time. He will buy the goods produced in an hour by an efficient workman who has effective tools and machinery to work with. But we know no consumer ever asks, "how much an hour did it cost to make," but just, "how much?" "How much?" determines the market.

Fourth, if we are to make the required greater production of more things at the lower prices necessary to make more post-war jobs, we must have more tools and more machines to make that output possible. Skilled workmen are only skilled when they have the proper tools. The great production of this country stems from the fact that workmen have good tools and productive equipment. They are paid for by thrifty people who are willing to put their savings at risk because they believe they have a chance to earn a profit. All they ask is a chance to earn that profit. We must keep the opportunity to earn a profit on sales made in the open market at competitive prices open to whoever wants to enter the field.

Now, let's take a look at the two systems. True private enterprise, or, to be more explicit, the profit and loss economy has two equally powerful incentives: the hope of profit and the fear of loss.

It is a competitive economy in which the production facilities are privately owned and operated for profit within a framework of laws designed to protect and safeguard the rights of owners, workers, and consumers. Under it men are free to decide how, when, and where they can best serve the people so as to earn a profit.

It is a system in which the competition of the open marketplace sets the price and which produces and distributes in accordance with a common decision made up of thousands of individual judgments of men all striving to do a better job than their competitors.

Finally, and of great importance, it is a system which can only induce acceptance of its goods by the public in counter-distinction to planned economy, which compels acceptance of its goods and services by the authority of government.

The ideal free competitive enterprise system is a dynamic, bold, risk-taking economy controlled by the combined judgments of many individuals, while public enterprise is a cautious one following the decisions of a single group of men moved by political expediency and having as a prime purpose the avoidance of mistakes.

Here in America, free enterprise has worked. We know of the wealth of goods it has made available to all, rich and poor. We also know of men who have become wealthy because they discovered new methods to produce the things we wanted at lower prices. Not infrequently we saw their fortunes vanish, but the low priced goods from whence they came did not disappear. Often success was attained only after many failures, but the opportunity to try again was never gone.

Some people would have us believe that free enterprise means the right to conduct a business or earn a livelihood without regard for anyone else—an economy which is free and untrammelled, in which the law of the jungle prevails, or in which monopoly may exist by government between individuals. They are mistaken. That is not free enterprise.

Competition is at the very heart of the enterprise system and competition, not government control, has proven to be the best mechanism for social control of production.

Government cannot force competition; it can only make it possible for individuals to compete. True, it can prevent individuals from setting up practices that restrict competition. Free enterprisers want that. They believe that the laws forbidding restraints in competition should be made more clear and their endorsement made strict. Competition cannot be forced; it comes only because men strive to outdo one another in the hope of the reward of the marketplace.

Public enterprise is managed by men who can hold their position through the good will of those in power. This calls for playing politics and outlaws risk and daring.

The head of a governmental monopoly cannot afford to take chances. He must be a hide-bound conservative. He can take orders but no chances. If failures occur, subordinates will point out the disastrous effects of those mistakes, argue that the manager is incapable, and plausibly suggest that they might be better in his place. A premium is thus placed on caution. It becomes more important to maintain the *status quo* than to enter upon new ventures.

The rewards that come with success are paid to those who put their abilities and skills at risk, as well as to those who venture with their money.

In private enterprise, a young man of capacity can urge a change upon his employers, and if he is not permitted to make it, he can go elsewhere with his ideas. Successful ideas mean profit and competing employers willingly take a chance. Even if his ideas fail, he does not lose his chance to try again.

In public enterprise the reverse takes place. Men are encouraged to do the job only as well as it was done so as to avoid mistakes and are trained to avoid the possibility of mistakes and criticism. Important also is the fact that there is no other employer.

Under public enterprise, it is not difficult to promise the people work and goods—security, if you will, from the cradle

to the grave. All the people have to do is to surrender their freedom to the governors, agree to work as directed, and take their share of the goods produced as their pay. They must work at the jobs to which they are assigned and spend the money in the manner in which they are permitted for the kind of goods prescribed by the state.

No one doubts that one hundred thirty million people who can be made to work can produce enough to exist and to do so without economic uncertainty. But, is such security worth the price and are we Americans willing to pay it? The price is the loss of freedom and a lower standard of living than our free enterprise system not only promises but delivers.

So far, this has been definition by indirection. A formal, precise definition of free enterprise would be that it is a system which is individualistic and characterized by the ownership and control of the facilities of production, distribution, and living by individuals or groups of individuals. It is based upon three simple propositions, namely:

1. The voluntary division of labor, including the right of the individual to seek the kind of gainful employment he chooses to do under the conditions he is willing to accept and can find.

2. The free exchange of goods and services, including the right of the individual to sell the products of his services and/or of his possessions to whom, when, and where he can and for what he chooses to accept; and then to take the proceeds thereof and buy what he chooses when, where and for what price he chooses to pay.

3. And the institution of private property which may be defined as the right of the individual to own property and to enjoy its use so long as such use does not interfere with the enjoyment of another of the like use of his own property.

Public enterprise can be defined as an economy in which the government owns the facilities of production and controls the processes of manufacture and distribution; an economy, which, in the final analysis, decides where men shall work, what they shall buy, and how they shall save. Where it exists, the state is dominant and the citizens serve the state.

Despite this, there are places in a country such as ours where public enterprise is desirable. For instance, the postal system, vehicular highways, and other similar areas. Once public enterprise occupies an area, it shall do so exclusively, for private enterprise cannot and should not compete with them, not because the government is more efficient, but because it is subsidized competition.

As a common sense measure, it is to be hoped that in the post-war period we taxpayers who are stockholders in government enterprise will insist that we be more fully informed as to the operation of our business. If government enterprises have to make financial reports audited and supervised as meticulously as those of private enterprise, we will be able to judge better the progress made and more intelligently decide whether or not we wish government enterprise in other areas.

Of one thing we can be sure; our post-war requirements will not come to us post-paid under either system. In both cases it will be C. O. D., for the two systems have this in common: we cannot get something for nothing out of either one.

Sure, there is going to be tough going—particularly in the transition period. There's going to be some unavoidable dislocation in employment. If the public is deluded by the dream-planners' promise of jobs-for-everyone, it will become so disappointed with the immediate transition period that they will cry for government help. The enterprise system might never get its chance to function successfully.

We must not through soft thinking about temporary hard sailing throw away the greatest potentiality America has ever had. We have all the ingredients present for unusual prosperity; we must put them together correctly.

The pent-up demand for ten million automobiles; twenty million radios; many more millions of vacuum cleaners; refrigerators; washing machines, to be paid for out of the consumer public's estimated one hundred million in savings will insure us the start. On top of this, business will need at least ten billion to replace worn-out and out-moded equipment, plus new machinery for new products and for new jobs.

If we can handle these demands intelligently, we will have adequate employment. If we can avoid bidding for a shortage

of merchandise, and if we can encourage people to invest part of their savings so as to supply the needed productive machines, many of the depression mistakes of the past can be avoided.

That's going to take teamwork and understanding and patience with hard work.

Working together we can make free enterprise work even more effectively than it has in the past.

This is not the responsibility of management alone. It is not the responsibility of Labor, but it is a common responsibility of all who make up this country of ours—Labor, farmers, manufacturers, Congress, lawyers, doctors, merchants.

Business has a vital part in it, for if business wishes to remain in private hands, it must make its contribution to the country worth while. It must see that it is truly competitive, that it treats fairly the investors and Labor who share in making it valuable, that it learn to avoid depressions which penalize all of us.

Labor's part is no less important. If it wishes to be free and to choose its employment where it will and without onerous restrictions, it must see that it produces effectively. There is no more place for monopoly in Labor than there is for it in management. Specifically, this means that restrictions that are presently being placed on production in some places must be removed. It means that time-wasting and expensive regulations that make work for some but do not make for lower costs must be abolished.

If society as a whole wants the full volume of goods that this system produces, and if it wants freedom among the citizens enlarged and maintained, it must see that its laws really make free enterprise's full contribution possible. A few will stand looking into:

The Security Exchange Act, insofar as it safeguards the rights of investors, is good, but the damage it has done to the country as a whole by restricting investment possibilities is bad. We can keep the good and eliminate the bad.

The labor laws that have been passed in recent years which guarantee the rights of Labor are good, but where they are unfair to unorganized labor or to employers, they are bad. A fair and impartial labor policy, one which is fair to all and favors none is vastly important. This can and must be done without abridging the right of men to organize and bargain through their own representatives—and it must be done without hurting unorganized labor.

Tax laws should encourage risk and venture; they should not take the major part of the profits and let the investors suffer the losses. They can be so written.

Nor are all government detrimental restrictions a matter of law. Some are by regulation, such as the present Treasury Department regulations which interfere with setting up adequate depreciation reserves.

Unless business can scrap existing equipment as rapidly as economically possible so as to replace it with modern facilities that will produce better goods at lower prices, we will not make the strides to a better country that free enterprise permits.

Free enterprise in the post-war period will give us a chance to work. It will give the thrifty a chance to invest their savings. It will give security to the whole country through a greater production of houses, clothes, food, automobiles—all the things that make men's lives secure.

Nor will all the advantages be material. Free enterprise will foster the freedom of individuals that has made this country so great and which distinguishes us Americans from all other peoples of the world.

These things will not come easily, nor will they come through the efforts of a single class. Labor, management, and the government united can do a great deal. United and devoted earnestly to seeing that our business is carried on in a competitive fashion, facing the tests of the marketplace and free from undue governmental control, yet subject to the impartial restraints necessary to respect the rights of others, we will make this country of ours better, happier, and stronger. (Applause.)

CHAIRMAN MEANY: Mr. Gaylord, I want to express appreciation, on behalf of the American Federation of

Labor and the Post-War Committee, for your presence here this afternoon and for your most interesting address.

Now we have heard from representatives of American business in the person of Mr. Gaylord and Mr. Eric Johnston. In the post-war problems before us, which we are all interested in (free enterprise and free labor), we cannot write off the farmer, for the farmer has a definite place in that problem. Therefore, this afternoon we are going to hear from representatives of agriculture who can tell us what the farmer is thinking of, and what his problem is, and will be in the post-war period.

At this time I take great pleasure in introducing as our first speaker one who has had a life-long interest in cooperative investments for farmers. He helped to organize the Farmers' Union of Colorado as a cooperative institution. Some years ago he became Executive Secretary of the Colorado Farmers' Union. He is a director of the National Farmers' Union and is and has been its president for the past four years. I take great pleasure in introducing to you Mr. James George Patton, President of the National Farmers' Union. (Applause.)

MR. JAMES GEORGE PATTON: The working farm families I represent have a profound interest in genuinely free enterprise in the post-war world. Our very lives as free men and women, with a stake in the land we cultivate, depend upon it.

Our job is to adequately feed and clothe 135 million Americans; in the period of relief and reconstruction to make good pledges to help feed the liberated and starving millions in other lands; and in a peacetime economy of abundance, to trade up to \$1,000,000,000 of foods and fibres in an international market sustained by a high and rising level of income throughout the world. Anything less spells depression and disaster for working farm families and for all of us.

We know that the world has never yet had more than half enough to eat. We know that, within our own borders, hunger and chronic malnutrition have cut our strength as a nation. This was largely responsible for the 25.4 per cent rejection rate for all young men called up for selective service induction. We are keenly aware of the fact that, largely due to low incomes, poor housing, and poor diets among millions of our farm population, such rejections among farm youth were higher than for non-farm youth, 41.1 per cent as compared with an over-all average of 25.4 per cent for all youths 18 and 19. We recognize the fact that we are seeking to recruit the front-line combat soldiers of this war from among the children of a depression brought on by a period of so-called "free enterprise."

We know that the best hope of satisfying the instinct of free enterprise among farm people is to make sure that every man, woman and child in the U. S. A. actually has enough to eat and enough to wear. That has not happened yet. It can happen after the war, but it will not happen unless we have full use of all our human and material resources, full production, full employment, fair distribution of income, and full consumption.

Full employment will not just happen. It cannot be left to the mystic operations of so-called free private enterprise which, though it has been private, has frequently not been free, and has not always been "enterprising" in the best sense of the word. For example, free enterprise for all is not served when six million farmers must bargain with four manufacturers of 92 per cent of all the small all-purpose tractors produced, or with six others producing the remaining 8 per cent. Nor is it served when they have freedom of choice and bargaining among four producers of 88.6 per cent of all cultivators, or with ten others producing 11.4 per cent. Nor when they negotiate with four firms producing 90.4 per cent of the passenger automobiles or with 11 others producing 9.6 per cent. Though these figures are for 1937, the picture has not improved since and will not improve unless strong action is taken to protect and promote small business in the reconversion to peacetime production. With all that can be done, free enterprise among farmers can best be served by use of cooperatives in bargaining for purchase of their supplies and marketing of their products.

Full employment cannot, in my judgment, be left altogether to independent or joint planning by the major segments of our Economy, Agriculture, Labor, Industry, and the Consumer. Conferences of these groups, if held in a veritable gold-fish bowl, as this forum has been, can greatly assist by promoting public understanding of the gigantic problems we face, and of the proposals made for their solution. Ultimately, full employment can be brought about only by actions that go beyond planning and discussion, that go beyond informal agreements and are finally written into legislative policies and adequate provisions for reaching the desired goal. In the long run, such full production and abundance, publicly planned, will require less regimentation than a regime of under-employment and scarcity, privately planned but publicly policed.

After all the planning and the discussion—and as a result of such planning and discussion—we can have full employment if we as a people, acting through our democratically elected representatives, decide (a) that it is possible, (b) that it is economically desirable, and (c) we want it.

I know there are those who will contend, and perhaps have contended here, that full employment is neither possible nor desirable, that it is incompatible with the free enterprise system, whatever that may be defined to mean. Since the organization I represent insists that full employment is possible and desirable, that we want it, and that, far from being incompatible with wholesome free enterprise, it is the prime essential to the survival of free enterprise among working farm people, wage earners, and business, let me define full employment. I use the words of Sir William Beveridge, who believes it possible and desirable:

"Full employment does not mean no unemployment. It means that, though on any one day there may be some men unemployed, there are always more vacant jobs than there are unemployed men, so that every man whose present job comes to an end for any reason can find fresh employment without delay."

This is the only sound basis for genuine free enterprise in the post-war period. Those who oppose and reject full employment as "incompatible with the free enterprise system" are saying in effect that there must always be more men than jobs. They say that, no matter how enterprising 3, or 5, or 8 million of our wage earners may be, how intensely they may compete among themselves for the inadequate number of jobs available, they will not get jobs because there aren't enough jobs to go round. They say the employers must be relieved of using enterprise in freely competing with each other for workers and in so arranging their employment and wage policies as to insure stability of their work force. They propose, it seems to me, cut-throat competition among too many wage earners for too few jobs, while at the same time proposing that employers risk the debilitating effects of slackened competition for labor.

Equally serious is the depressing effect, first, on the market for goods and services of more-men-than-jobs; second, resulting slackening of production and employment as the market shrinks; and, third, the increased rate of taxes on a dwindling national income.

If there are more men than jobs, free enterprise is frustrated and the old American classic applies:

"Why don't you work like other men do?"

"How can I work when there's no work to do?"

But, if after the war, as now, there are jobs for all—and the men and women who are risking and giving their lives today have been so assured—then and then only can we have genuine free enterprise for all. I would think that American industry—whose spokesmen proudly boast that it is lean and hard and eager for full free competition in the post-war period, unafraid of the example of full employment that may be set by a Russian government quite different from our own—would welcome the challenge to achieve the same full employment in peace that the American economy has achieved in war. Not "high," or "maximum," but FULL employment.

Prominent business firms acclaim the splendid results of American war production as a tribute to free enterprise. If the partnership of government planning and private energy in wartime can go by the name of free enterprise, a similar partnership—under appropriate conditions of peacetime requiring a small fraction of the regulation necessary in war—can also properly go by the name of free enterprise.

Yet we find a general pulling away from the goal of full employment, jobs for all and so-called "realistic" talk about the impracticality of the great war aim, "Freedom from Want." We find a growing fear of the peace and the problems it will bring, fear of surpluses of materials and war plants and facilities. The prospect of \$75 billion in surplus war materials and \$19 billion in war plants exerts a snake-like fascination. It is proposed, in the Baruch Plan, in the George-Murray Bill for industrial demobilization and reconversion, and, less hysterically in the Kilgore Bill for the establishment of a Peace Production-Employment Board, to freeze, sterilize, throttle down post-war production of abundance to meet the convenience of business and industry.

Back of this trend, which threatens to become a stampede, is a yearning to return to pre-war conditions; to normalcy; to terminate war contracts on business' own terms; to lower taxes on corporations and high incomes and to shift even more of the burden to lower income tax payers; all to encourage and induce private enterprise to be enterprising.

As Senator La Follette has recently pointed out, the Baruch Plan is aimed at "liquidating the public's interest in government properties as quickly as possible and forestalling the possibility that these plants might compete with established corporate supremacy in their fields." He said, "big business won the battle of conversion to war"; one hundred corporations received 70 per cent of the total amount of prime war contracts between June, 1940, and September, 1943. "If big business is allowed to win the battle of reconversion, the consequences will be disastrous. Post-war prosperity will largely depend upon the ability of the competitive segment of industry to prevail over the philosophy of scarcity that dominates the thinking and policies of monopoly."

The Murray-George Bill, which has essentially the same approach to reconversion as the Baruch Plan, includes provisions for sterilizing government-owned plants in the aircraft, synthetic rubber, aluminum, magnesium, and steel industries and likewise for freezing government-owned shipyards and pipelines until some vague future date when recommendations for their disposition are to be made to the Congress.

Similarly, the bill proposes destruction of government-owned material and plants if such destruction of the plant or property is required in order to avoid "substantial injury to the industry or industries concerned."

Identical provisions are included in the Kilgore Bill, which, however, does set up "maximum" employment as a goal and does recognize, in one brief paragraph providing for "surveys," that full production depends not solely upon "a better climate for business" but also upon "programs and measures for public works, housing, taxation, industrial and regional developments, expansion of foreign trade, social security, and the maintenance of competitive enterprise."

It will be fatal to prosperity and free enterprise for us to attempt to drive our great industrial machine into the future by looking in a rear-view mirror at the past. We have no pre-war normalcy to return to. The Department of Commerce estimates the 1939 unemployed at 10.4 million; the so-called prosperous 20's had, according to the Brookings Institution (the official research agency for the Senate Post-War Planning Committee) unemployment of between 3 and 5 million. This, incidentally, is the Brookings estimate of post-war "normal" unemployment after women have been eliminated from the labor market.

The architecture for the depression of the 30's was laid in the normalcy of the 20's. In the highest year, 1929, only \$17 billion of profits and savings found investment. If in the post-war period, industry operated at a full employment level of \$175 billion national income, from \$30 to \$40 billion a year would have to be taken up in investment, in taxes or remain idle, thus weakening our economy, strangling free enterprise.

If we are to learn from past mistakes, we will plan and act now, in advance of a post-war "boom and bust," to prevent clogging of our economic bloodstream by the accumulation of idle profits and savings. But before we do that, we must face the fact that, to live with abundance and like it, we must have full employment.

Once we make that decision, we can act to insure it. Spe-

sifically, the market for private enterprise must be sustained by a program of taxing of idle savings and their expenditure in useful public works and social services at levels which will maintain full circulation of purchasing power without a rising government debt.

Heavy taxation of idle savings will reduce the need for periodic deficit spending in two ways. It will finance government spending currently by taxes on a pay-as-we-go basis, and it will so increase private spending as to reduce the need for governmental corrective spending. Extending this necessary planning for full use of all our human and material resources, we must through our government adopt and make financial provision for a broad program of useful public works and needed social services. Government must be prepared to supplement private purchasing power for all industry and agriculture.

Housing—both urban and rural—is an obvious example of a key industry in which government action is needed. It is basically immaterial whether the government action takes the form of public housing or subsidies to private housing, as long as the needed housing gets built for the groups that need it at prices and rents they can afford to pay. There are situations where publicly operated housing might seem to be more advisable—I leave that for experts to settle—and it must never be forgotten that even in the case of public housing it is built by private contracts at a private profit.

We need 3,500,000 new farm homes and at least 10,000,000 urban housing units; we should build, by a combination of private and public programs, at least 2,000,000 units a year for the next generation. This is socially desirable. It is politically desirable to protect and improve the health, strength and mental alertness of our people. But it is economically essential as one of several ways of sustaining, directly and indirectly, our entire economy.

Equally important, equally vital in conserving our resources, are long overdue programs of soil conservation; erosion control; irrigation; reforestation; rural electrification; modernization of our rural school systems; establishment of a system of rural health and medical care services; rural hospitals; clinics; nursing services. Together, these programs can supply many millions of man years of employment. Using the great TVA undertaking as a pilot operation—and other nations are doing so—we can finally begin to save America. I say "save" because I am told that in 150 years we have depleted a great deal of our soil as much as certain soils in North China have been depleted in 5,000 years of use.

In such fields as food and clothing, the government may well undertake a directed campaign to increase the flow of purchasing power, production and employment by raising the income level of depressed groups through wage and hour legislation, using consumer subsidies on the food stamp plan as a temporary device.

Obviously a program of this sort will require the most thorough kind of planning, and in this planning the disposition of government war plants and government stocks will necessarily occupy a key role.

Many plants may turn out to be needed in our program of public works for the conservation and development of our natural resources—just as the Muscle Shoals plant of the last war became the cornerstone of the TVA development.

Other plants that should ultimately be turned over to private enterprise for operation, lease, or sale should be fitted into our planned program of production of plenty. No single rule can be written for the best use of these plants. Some should be put "in grease," as stand-by resources vital in the writing of the peace and the establishment of an international system of economic and political justice. Others should be used as "yard sticks" for private operations. Many should be sold or leased, contingent on full operation and production, suggested but not thoroughly provided for in the Kilgore Bill. Finally, and of vital importance, by advertising, subdividing premises and equipment and by proper financing, small business—including cooperatives—should be cut in.

If plants are turned over to private enterprise in the absence of a government plan of production of plenty, as the George Murray and Kilgore Bills and the Baruch Plan propose, it will inevitably mean the plowing under of much of our pro-

ductive capacity and the ushering in of a regime of scarcity. In the absence of provision for full production and consumption, private business is not going to bid for the government plants in the hope of full employment and full prosperity; it will bid for them on the basis of depression prices. On such a basis, a short unhealthy speculative post-war boom might develop, lasting perhaps 4 to 6 years, until accumulated savings of the public have been dissipated.

The executive director of a private industrial planning group recently let the cat out of the bag when he said that the bids which private business will make for the government plants will necessarily be so ridiculously low that a public scandal might result in accepting them. He suggested as a way out that private business should lease the plants and let the purchase price be settled later. But that, too, would be simply a way of hiding the public scandal of giving away government property for a song. The only way to avoid that scandal is for the government, by a planned program of production of plenty, to give an assurance to business that there will be no depression. Only then can government plants be leased or sold to private enterprise at fair value.

In the absence of a planned program of production of plenty, any disposition of government plants will inevitably intensify monopoly, regardless of all the pious phrases that will be uttered against monopoly. Monopoly and scarcity are intimately related. Not only does monopoly breed scarcity, but scarcity breeds monopoly. Every depression intensifies monopoly control. To turn over our public plants to private business when business will bid only at depression prices will simply foster both scarcity and the growth of monopoly. Even if the Surplus Property Administration be in the hands of convinced anti-monopolists—and I have publicly stated our apprehension that the present administration will not be of that type—it would be unable to prevail against the drift of circumstances. Small business cannot afford to bid for government property except in an atmosphere of assured general prosperity. Depression—or the threat of depression—stifles free enterprise.

The National Farmers Union is, I repeat, in favor of free enterprise—free enterprise for all. Our reason is simple:

If our national income should be allowed to drop to \$100 billion a year, the net farm income would shrink from the present \$12 billion to \$7 billion and we would have one million unemployed under the heading of family labor, and another 500,000 idle farm wage earners. The trend from family-type farming to industrialized agriculture would be accelerated. Half the land in America—and more—would be worked by people having no title to, no stake in, no security upon that land. Political and economic democracy would be further reduced. The working farm people of our nation would be going through the economic wringer. Idle farm men and women would go to the cities, there to swell the ranks of unemployed competing for a shrinking number of jobs. This would be, in sum, a mass defeat of free enterprise, an illusory victory of monopoly advancing to disaster.

But, if we as a people vote for full employment now, and see to it that our government plans, legislates and appropriates to insure it at a level of \$175 billion of national income, the resulting market for foods and fibers will require the full employment of all those now engaged in agriculture and of at least half the 1,000,000 farm men now in the armed services.

This is the choice before us:

Timid acceptance of scarcity and disaster, or

Bold planning and action now for abundance, prosperity, and peace, the ideal climate for the flowering of genuine free enterprise among all our people, spreading by example—and by aid given in our own long-run self-interest—throughout the world. (Applause.)

CHAIRMAN MEANY: In your behalf I wish to thank Mr. Patton for his outstanding contribution to our forum here this afternoon. Now we will hear from one who has also had long experience in the field of agriculture. The speaker whom I am about to introduce to you organized one of the first cooperative milk distributing plants in New England, a good many years ago. He has been the

Agricultural Agent for the Society for Savings Bank from 1917 to 1920. He has been Executive Secretary of the Ohio Farm Bureau Federation since 1920.

I take great pleasure in presenting to you a Director of the American Farm Bureau Association and the President and Director of the Consumers' Cooperative League of the United States, Mr. Murray D. Lincoln. (Applause.)

MR. MURRAY D. LINCOLN: Mr. Meany, Mr. Green, ladies and gentlemen: I tried to convince your chairman that we ought to have a recess here of about a minute in which we all could stand up and sing "Glory Hallelujah," or something like that, but he said you could take it; therefore I am going to abide by his judgment. Perhaps the difference is this, he is a little more full made than I am and for that reason maybe I feel the need for getting up a little more often, but at least you will have the satisfaction of knowing that I am the caboose on the program of formal speakers. I don't know what is going to happen to these over here.

You know they tell the story of a colored woman by the name of Carr who had just experienced her eleventh blessed event, and as the pastor came to congratulate her he said: "Madam, you certainly have produced a fine train of Carrs," and the lady looked up from her bed and said, "Yes, parson, but if I have my way about it this here one am going to be the caboose." So I am the caboose on the program of formal speakers here.

I appreciate the opportunity because I am going to tell you something different than the rest of them have said. I don't know that you are going to agree with it. At least it is something I find has not been brought up too much in either agriculture, labor or business circles. I think there is a forgotten man here that we haven't talked too much about.

Before I get to that, let me introduce myself a little bit more for fear that you may not understand some of the things that I want to say. I was born and raised tied to the tail of a bunch of cows and fully expected to spend my life being nursemaid to a bunch of dairy cows, but I became a county agent, worked in banking for five years, and finally landed up in this cooperative work. In order that some may not think I am an idle dreamer or something like that, or at least a radical (you can't call me a long-haired radical; I can present evidence), I want to say it was my privilege to start out as secretary of the Ohio Farm Bureau Federation in 1920, and that institution now has business activities with investments of approximately thirty-five million and an annual business of forty million dollars, so I think I know something about business.

Starting with nothing, we are now the largest handlers of feed in the State of Ohio; the largest handlers of fertilizer in the State of Ohio; and we distribute more petroleum products to the farmer than does the Standard Oil. We also have the largest Farm Bureau Mutual Automobile Insurance Company, operating in 12 states and the District of Columbia, so I know something about the insurance business because we cover both automobile, life and fire. So much for that.

I just wanted to give you that little history, not from the standpoint of boasting at all, because I am as sensible about that as you are, but just to prove that what I have to say here at least has some background of business experience.

Talking about boasting, did you hear the story of the little lady the other day that had just gone to a circus? I recalled it because I think the circus is in town here. This man was always boasting to his wife. The little wife was always a meek one (they always are in the story books, you know). The husband was always telling that he could do this, that, and the other thing, and the little wife used to sit there and take it.

So one time they went to the circus and they saw the usual performance. But the last act was a lion-taming act (only in this case instead of a lion tamer it was a lion tamess, or whatever the female gender is of a lion tamer; a very beautiful young lady in tights). This was the last act of the circus, as well as her last act, and she went in there and put certain lions through their performances. They jumped over chairs and through hoops and everything else. All the time, over in the corner, was a cage with apparently a very ferocious lion, and so the last part of her act, and the last part of the circus, was

for this very beautiful young lady to go into the cage with this very ferocious lion, purse her lips and put a loaf of sugar in them; and after much growling and cracking of whips and firing of the pistol, this old lion finally came round and took the loaf of sugar out of the young lady's mouth.

Well, all the time this man and wife had been sitting up on the stage and as this was done and that was done he would poke her and say, "Huh, I can do that; huh, I can do that." But finally when the last event came off the little lady thought she had her chance, so just as this took place (this thing of coming up and taking the sugar out of the beautiful lady's mouth) the wife fidgeted and said, "Well, I bet you can't do that." The old man kind of pulled himself together a minute and said, "Well, if they will take that gol darned lion out of the cage I will try it."

No man today can contemplate his present and future world without many hopes and many misgivings. This war has more than military implications. It presents broad social and humanitarian problems which, if not solved now, will serve merely to preface an even greater war to come. I cannot bring myself to believe otherwise.

Of the question "Is economic freedom possible in the post-war world?" I can only answer that it is *possible*. I wish I could say that it is probable. Economic freedom, broadly interpreted, means many things. It means production for abundance, not scarcity. It means full purchasing power resulting from full employment. It means freedom from want, not only here in America but among the world's millions who are underfed. It means that small business can compete with large in a genuinely free market; that farmers can exist without government regulation and subsidies; that Labor can find employment with decent living wages. It means that backward peoples of the world have opportunity to develop their *OWN* resources and not see them drained off by foreign imperialists. It means simply that the miracle of modern science and technology *will be made to serve society—mankind—and not the few who guard its secrets for their own gain.*

This has not been our record in the past. We have been geared to an economy of scarcity motivated by profit and price alone. To this end we have witnessed hungry people, declining purchasing power, depressions, international ill-will and consequently war. Our brains have gone to guns and not good-will. We've been asleep at the moral switch.

Can we change this picture? I think we can if we really want to and earnestly try. I regret that I see too little evidence that we are going to do it.

We have been trying to make prosperity by creating scarcities where none exist naturally. Industry, Labor, and Agriculture have all practiced scarcity. Industry has tried with its tariffs, monopolies and cartels, so-called fair price laws (which in reality are price-fixing laws), control of credits, patents, and the like. Labor has its featherbed rules, restriction of apprentices, and certain practices of craft unionism. Agriculture, in a vain attempt to solve its problems, turned to killing little pigs and plowing up cotton.

All of this is social and economic suicide, as the historical sequence of booms, busts, and wars vividly attests.

And mind you, all this happened under the free enterprise system, only I claim it has not been a truly free enterprise system. It never has been free since we began to use tariffs and allowed monopolies to become established.

I don't understand this on the part of some business men, and we are all guilty, I know that. I don't think any of us can point the finger at the other fellow and say, "You are the sinner," but I don't see why in the world business men don't do more to eliminate their own restrictions and do more for free markets rather than talking about free enterprise and seemingly not do too much about it.

The farmers depression started in 1921. All we had in 1932 was a "slump in our depression," as Andy said; and those who now prate about the ability of private profit-motivated business alone meeting the problems of the post-war world I think are doing nothing but wishful thinking or, perhaps worse, bordering on hypocrisy.

I think it should be pointed out with much emphasis that we did not solve one major economic or social problem by the

voluntary action of any of our major economic groups during the period of 1932-39. It took government planning, direction, and sometimes coercion to start the wheels of stagnant industry, to overcome unemployment and raise farm prices—and all for the purpose of producing for war.

The economic world is no longer a thing apart, to operate at its own whimsy. The sound functioning of our economic institutions bears vital relationship to our social and political health. An unemployed man is a social and economic liability. America moves toward the grave crisis of decision, and her peril lies in the fact that millions of her citizens may not have the wisdom or the information with which to choose intelligently.

The choices we face are clear and simple: an economy of scarcity under the banner of so-called free enterprise, or an economy of abundance through democratic social and economic planning. The choice would seem simple; but not so. I don't want anybody to challenge the fact that people can plan. You can always turn to government to plan (I think you have got to have government cooperation), but I think people can plan and I hope this forum is a part of sufficient planning.

The American public sits on the fence with security as its goal and, as in the past, it will play follow-the-leader to the group which can most successfully capture its imagination.

To critical and thinking Americans there is little doubt that the so-called free enterprise system has had serious shortcomings. It has concentrated great wealth and power in the hands of a few. Big business organizations, with their endless divisions and ramifications, affect the lives of millions of Americans, but their primary interest lies in the balance sheet. To this end they have been party to monopolies and cartels. At no point has there been any genuine interest manifest in the public welfare, and herein lies their real shortcoming, for when millions of citizens must depend upon these institutions for their daily bread the goal of profit alone is not enough.

There is no natural law which says that people must be unemployed, underfed, and insecure. If we add intelligence to our modern miracle of production we can eliminate these social and economic disorders, but our economic institutions must be operated in terms of the common welfare. This does not mean Communism or Fascism. This does not mean the elimination of the profit motive. This does not mean complete government ownership or the elimination of free enterprise. It means simply that we must view our economy as a whole and bring our economic institutions into focus with the needs of the greatest number, not the few. It means bringing all phases of our economy into harmony with the common good.

I am like a lot of the rest of you business men, I think, and laboring men. I was a member of the United Nations Food Conference at Hot Springs. I wish I had the time to go into the implications of what was brought out there. Abundance is no fiction—it is a reality. *It is here*—we have only to grasp it.

It was not true in 1917 because it was as a result of the First World War that we geared up industry and labor and mechanization and advanced techniques in agriculture and for the first time in history enabled us to look forward to a period in which everybody could have a reasonable minimum diet of food and other things. Don't forget that this wasn't possible before 1917.

A study made during depression years reported our production facilities as capable of producing 50 per cent more goods than we did in 1929. This would have meant an annual volume of \$135,000,000,000 and an average income for a family of four of \$4,370.

Today our annual production volume is over 135 billions.

It is not realistic to assume that private profit business will "take the pledge" and suddenly switch its goals to the satisfaction of human needs. Capitalistic business enterprise is built on the premise, "Each for himself and God for all of us." It cannot be expected to change voluntarily. It will resist economic planning for the general good with every weapon it has, and yet, when the business structure fails, it is quick to call on the federal government for planning.

We don't like to say so, but we all went down to the mourners' bench in 1932. (Applause.) And by the way, some of you here yesterday heard Paul Hoffman. There are two or three things that I would just like to discuss with him. I happen to

know something about this because I was very intimately connected with it, but he talked about government-made jobs of useless work; about raking leaves and digging ditches and the like. Do you know why that had to be done? I happen to, because I was on that fence. I was one of the fellows called in to try to make work back in those days and we had the idea of getting the unemployed shoe worker to take an idle shoe factory and go to work to make shoes for not only himself but other unemployed people. Do you know who stopped it? We also had the idea of taking the fellows down in the South who didn't have a mattress to sleep on or didn't have a sheet on their bed that they slept on—to take idle workers and put them into idle factories to make mattresses and sheets for themselves as well as the other idle workers. Do you know who stopped that? Business is the one that would not let us go and take things up and make for useful work because they were afraid we were going to compete. That is why the unemployed had to rake leaves and dig ditches and do the other things. (Applause.) I hope that isn't going to happen again.

Let us examine America's record of planning to date. Social and economic planning began on the large scale during the depression years. Federal planning prevented starvation. Public works planning gave people jobs and started money back into circulation. Public planning kept thousands of young men out of the streets and possible delinquency through conservation projects. It took public action to open banks and reestablish confidence in them. Public works and planning got the ball rolling and gave our sick business system the shot in the arm it needed to recover, and stopped the foreclosure of farms that was threatening our institutions. It is important to remember that no other agency was able or willing to meet the over-all crisis during these years. When profits declined, business dropped production and employment. It generally closed up shop and waited, but millions of needy and hungry Americans could not wait. *We had to plan our way out of the depression whether anyone liked it or not.* And business, embarrassed by its own ineffectuality, could only stand on the sidelines and growl about increasing bureaucracy.

You know there is one thing that, to me, is peculiar. We are all a party to it at the present time. What is a representative government if it isn't ourselves? What is a representative government unless it is a reflection of the great economic interests that constitute a government? And sometimes while I think we want to hang on to the tradition of saying what we like about the President, or about any other government agency, I think you want to look out. When you are criticizing, and when you are claiming certain things are ineffectual, you are saying that you, yourself, are doing it in a democratic way. If you are going to serve notice on the rest of the world that under the democratic form of government you can't do this, well don't forget that it is going to be partly your fault. I don't accept the theory that we can't plan as a people either with or without government help.

Then came the war. It is no secret that total economic and military planning are responsible for our present progress towards victory. That every American can buy the foods essential to his health is the result of planning. Planning means that butter is still 50 cents and not 90. Planning has meant the careful allocation of precious raw materials and the production of the precise weapons needed for successful combat. We have not assumed that if everyone was left alone everything would come out right. We have carefully coordinated all phases of our economic and political life towards the successful destruction of our enemies. I want to know why we can't do the same thing in peacetime with our goals full employment and an abundance economy?

I think it can be done. But to be as frank with you as I believe we should in times like these, and especially in a forum where the purpose is to get ideas out on the table where they can be looked over, I believe it can be done but that it will not be by the present organized groups of producers, such as business men, manufacturers and financiers, labor unions or farm organizations, as now constituted. They are all organized as producers, and producer action always has within it the seeds of its own destruction. Producer action is restrictive, selfish, and self-defeating.

One recent writer states it this way: "The traditional nine-

teenth century system provided for the exercise of authority by the controllers of capital. This authority is now passing—after a transitional stage of uneasy compromise between capital and trade unionism—to the state. The transfer of authority is not unnaturally resented by those who once exercised it as a deprivation of their liberty; and this explains why liberty has readily become in recent times a conservative and even a reactionary slogan. But it is not so resented by the masses, who do not necessarily see in the increased authority of the state a loss of liberty for themselves."

The simple fact remains that we are on our way to a showdown. Robert Lynd, American sociologist at Columbia University, put the matter this way: "We have a momentous political choice as to whether (1) private industry will take over and run the state under a Fascist type of set-up or, (2) the democratic state will take over and socialize the economy. And there is no possibility, beyond perhaps the next decade, of straddling the two systems."

Whether Mr. Lynd is correct in his analysis of the choices facing us here in America, there should be no question that this country is in critical transition and that if we are to avoid the danger signals ahead American democracy must, in the words of the London economist: "Get some fire in its belly."

The very fact that you in the American Federation of Labor sponsored this forum is recognition of your awareness of the problem, and I commend you for it.

Now I said I didn't believe we were going to solve these problems by our traditional methods and organizations. Let me turn to what I think can be done.

There is a method that I think offers more than any other action I know of. It is a method which I believe will truly lead to economic democracy, and if we can't have economic democracy, political democracy is a shambles.

Victor Hugo said, "There is one thing stronger than all the armies in the world, and that is an idea whose time has come." I want to discuss such an idea with you briefly. It is a people's idea. It is a by-product of the industrial revolution and has paralleled the rise of organized labor.

It is an idea crystallized by British laborers 100 years ago. It has resulted in the ownership of 230 factories and over 12,000 retail stores by British labor and working-class peoples.

It was recommended by representatives of 44 United Nations at the food conference last year as a valuable technique for increasing living standards for farmers and wage earners.

It has accounted for approximately one-third of American lend-lease food shipments to our allies.

Taking root in China, it has not only contributed vastly to the struggle against the Japanese but has taken a long step toward the unification of Free China.

It has been endorsed as a valuable technique for post-war relief and rehabilitation.

It has increased the real earnings of American farmers by millions of dollars.

It is an idea whose time has come. I refer to the consumers cooperative movement.

The consumers cooperative movement is not a fad. It is 100 years old this year. It embraces millions of people throughout the world. It does not offer something for nothing. It begins with intelligent men working together to supply their common needs. It results in getting more goods to more people at less cost.

Great Britain's record should be of interest to every worker in the United States. In 1942, 9,000,000 men and women sold themselves over a billion dollars worth of consumer necessities. The savings to these British workers ran into millions. Co-operative members bought goods from their own stores. Their own wholesales supplied the stores, and in many cases their own factories supplied the wholesales. Here's a technique for beating the rise in living costs.

In Sweden and Norway, Denmark, France and Switzerland organized labor has again had strong influence in the development of consumer cooperatives. Its membership, however, is not confined to labor groups alone. White-collar and professional groups have also sought its services.

And here is a striking fact suggested by James Myers, Industrial Secretary of the Federal Council of Churches of Christ in America, who says: "In every country where labor unionists have put their shoulders to the wheel and have helped to build consumers cooperation, the employees of cooperatives enjoy better wages, hours and working conditions than they do in general private industry."

Cooperative enterprises are not exploitative. They are dedicated not to profit at the consumer's expense but to service in the consumer's interest. They are not interested in exploiting workers, for indeed they are workers themselves.

Here in America the farmer was first to realize the need for this kind of cooperation. He was caught from both sides. He got low prices for what he sold. He paid high prices for what he bought. It made poor arithmetic.

The farmer found an idea that helped. He organized to sell his goods cooperatively. He combined his purchasing power to buy cooperatively. He organized service cooperatives like REA. Wherever he did this he found he could break the power of local monopolies, save himself money, and in many cases improve the quality of the goods he bought. Today, strong farm cooperatives are in operation from Maine to California. Their cooperative buying and selling activities total in the millions annually. They organized around a great idea.

The volume of business done by the regional members of national cooperatives increased by 18.8 per cent in 1943. Thirty additional productive plants were purchased in 1943, consisting of five refineries, seven feed and seed mills, four sawmills, two canneryes, two chick hatcheries, two printing plants, three machinery factories, etc., with a total investment of \$15,000,000. The results were phenomenal and again proved that "factories are free for cooperators."

So much for the farmer. What about Labor? American Labor has been busy for the past 20 years securing the right to collective bargaining. It has won that cherished victory. It has broadened its field of interest and is now an integral part of the American scene.

American Labor has not ignored the cooperative movement. Like the farmers, Labor has had both success and failure in cooperative development. Faulty management and failure to follow the fundamental Rochdale cooperative principles account for most of these unsuccessful attempts. *But organized labor as a whole has never tapped its potential consumer power, and it is without hesitation that I say that organized labor has within its grasp the greatest opportunity for cooperative development within this country!*

Cooperatives are integrating factors. They bring people together. Cities are places where people are closest together and yet farthest apart. Cooperatives combat this paradox. They require only the determination of people to help themselves.

Here is an idea whose time has come. It is a people's idea and it comes at a period in history when the battle for common man is being waged throughout the world. It is an idea which will bring nations closer together following this war. It is an idea which can bring men within nations closer together.

You are already organized around one great social idea. You have, latent and untapped in your rank and file, the cream of America's consumer potential. Individually and collectively you have everything to gain through the use of that power. Through it American Labor might raise its real wages by millions annually. James Myers, in his stimulating pamphlet "Labor and Co-ops" puts it this way: "Here's how to get a raise without asking the boss."

What social gains can develop from Labor participation in a cooperative program? There are many, but one in particular strikes me as significant. Labor cooperatives can help resolve the age-old labor-farmer conflict.

Why this labor-farmer conflict? Both are producers. The farmer depends on Labor for a market. Labor depends upon the farmer for food. Millions of organized labor members were born on farms. Millions more have parents and grandparents still on farms. Does the farmer distrust his son who works in a steel mill? Does the son distrust his father because he is a farmer? Is there any natural law which holds that these two great working groups should misunderstand each other? Yet the conflict persists. All right; let's do something about it.

In the years facing us America is going to need every ounce of unity she can muster. We can't solve our post-war problems by group conflict. We need a whole people, working together with tolerance and understanding of each other's problems. Common people, farmers, wage earners, white-collar workers, all average citizens, have in their own hands the tools to fashion their own destiny.

Too long have we planned our production—now we want to organize our consumption.

It is only the consumer interest that incarnates the public welfare.

We have tried most every method of organization that anybody can think of except to organize ourselves as consumers.

Cooperatives, because of their democratic control, return of earnings to the users, limited dividends on capital, are agencies of the people, by the people, for the people.

They operate within the framework of democracy and free enterprise and are effective agents to increase mass purchasing power, to destroy monopolies and make for good will amongst men.

The cooperative movement deserves your earnest consideration as an agency to help maintain the true free enterprise system.

I think that is one of the most significant things that has come out of this period. If we can do all these things for war to bust up somebody else, to blow things into the air, why in the world can't we do it for peacetime? That is where I think the great challenge of democracy is coming. If it is always going to take a war to do these things, then look out!

Here is one thing I don't understand and I think I am a manufacturer because I have a part interest, in a way, as an executive of our institution. You know we run about 15 factories and I wouldn't be half as afraid of you fellows having a strike in my factory (or our factory, because it belongs to all of us) as I would to see you guys own the factory across the street and produce better goods at better wages and less prices than I was able to do. I would really be scared of that, and I don't understand (I honestly don't know) why Labor doesn't use its economic power. You are fighting like a man tied with one hand behind his back. Here is your productive power; you have done a grand job. I think the world is now beginning to recognize your right to organize as producers. You are citizens and you have a right to representation as producers, but why don't you use this other hand and put on the economic squeeze? That is what farmers are doing! (Laughter and applause.)

And you are never going to tell us any more that we can't lower the price of feed and fertilizer and insurance and cosmetics—yes, we are in those at the present time. I would really like to have about 150 labor women for about an hour. (I think women are going to do this thing anyway. I don't think you men are going to do it.) You see, you fellows are all so engaged in trying to get more money to take home that you are forgetting that the good wife spends 85 per cent of it, and I am beginning to think if we can get hold of the women in the labor movement we are going to cure all the troubles that you men have been working on for the last 25 or 50 years. (Laughter and applause.)

I hope to see the time when we are going to be able to trade between nations on a cooperative basis, not to exploit somebody else, not to make money out of their misery, but to help each other get going. Then I think we are going to eliminate a lot of the things that throw people into war.

I never could understand why some farmers are so critical of Labor, neither could I understand why some laboring people are so critical of agriculture, but I think if Labor will get into the cooperative movement we can resolve this age-old Farmer-Labor conflict. Why is it? We are both producers. We are both consumers, and if you have a son on the farm or if my father is working we don't feel against them, but somehow somebody has driven us apart. I think I know the reason for it, but we won't spend any time there.

I urge you to give earnest consideration in the months to come of Labor's further participation in the cooperative movement. Thank you. (Applause.)

CHAIRMAN MEANY: Thank you very much, Mr. Lincoln.

I am sure that we all agree that it was worth while waiting for the caboose. (Laughter.)

Now we have three more very short addresses and I hope we will get out on scheduled time. I am also hopeful that everybody will return here this evening for a most important meeting. Ex-Governor Paul McNutt, the Chairman of the War Manpower Commission, and Monsignor Ryan, as well as President Green, will speak this evening, and I hope that everybody will return so that we will have a good audience, such as we have had through these sessions.

Now after the caboose rolls down the track we must remember that we still have to keep the track in condition, so I think it most appropriate that our first speaker from our labor group this afternoon is the President of the Brotherhood of Maintenance of Way Employees (the boys who keep the railroads running by keeping the track in condition). I take great pleasure in presenting to you Brother Elmer Milliman. (Applause.)

MR. ELMER E. MILLIMAN: Mr. Chairman, honored guests, ladies and gentlemen: I am rather happy that President Green assigned to me the subject to talk to you about on "Labor and Cooperatives," especially after hearing that splendid address just given to us by Mr. Lincoln.

There are two questions which every leader of organized labor must ask as he thinks of the post-war world and of his responsibilities to his fellow workers. Those two questions are:

What is the sound objective for organized labor, and particularly for the responsible leaders of organized labor?

What are the just means which must be used and can be used to accomplish that sound and basic objective?

The sound, basic objective of organized labor must be to obtain and then make secure for Labor, in industries and on the farm, on the railroads, in factories and in offices, not only fair wages and working conditions, but also an equality of opportunity to pursue life and liberty, and ownership of property which is necessary to freedom. The worker must be a free man. His soul, or his spirit, the creative force in man, must be free, because otherwise man is only once removed from the brute. In short, the dignity of man must be achieved completely and made secure. That must be the objective of organized labor.

I want to emphasize that these are not mere words. The time is too short now for us to be satisfied with sounding words, sounding brass and tinkling cymbals. We must correct and do away with the evils and sins of the past or we will be confronted with more wars. There has been too much callousness, indifference and irresponsibility. We know that our boys and girls are suffering and dying that we may live.

If you will permit me to be personal for just one moment, I might tell you of how one of my boys came to me before he went overseas and how he told me he was ready to go—and he demanded only an answer as to why he was going and what he was attempting to make secure for us. Quickly he painted a picture of our industrial and economic life; of the struggles of the poor; and of the contempt for justice, much less charity, expressed by those with power in industry. And I confess that I could not give him an answer which I knew, in my heart, was satisfactory to me or that should be satisfactory to him. No doubt some of your boys have asked you similar questions; and, no doubt, you suffered as I did in trying to answer.

We have another hour just ahead when we will have to answer again. This war is not going to end when the guns stop firing. Then we will be confronted with the period of readjustment, a period which can be more destructive than is even the period of war. We know what the breadline and unemployment can mean because we went through those days only a few years ago.

If you will look at the testimony given by Dr. Isador Lubin, Chief of the Bureau of Labor Statistics, given to the Temporary National Economic Committee which was created by our Congress a few years ago, you will have one picture of that period.

In the years from 1930 to 1938, inclusive, Dr. Lubin testified, we lost, through unemployment and in wages alone, one hundred nineteen billion, three hundred fifty-four million dollars. Our farmers lost during that period thirty-eight billion, four hundred million dollars, and our investors lost in dividends twenty-nine billion, one hundred million dollars.

Those are statistics which make us gasp at the cost of the struggle we describe as unemployment.

But, startling as those figures are, they cannot begin to give us understanding of the loss of men and women and children; the destruction to bodies, and, far worse, the destruction to mind and soul. Most of us can recall one incident or two or three of that period and as we recall them we can shudder in fear of what may be ahead of us unless we develop here and now an answer that I can give my boy and that you can give yours.

I repeat that this is no time for mere words. We know, if we profess to have any intelligence, that the industrial and financial system we had—and still have—failed us once before; in fact, many times before. We know why it failed, why we have unemployment. We know that labor on farms and labor in cities was ready and able and anxious to produce for us all the wealth that we needed to give all our people a much higher standard of living. We know that our consuming power was bled white by the sins of the industrial and financial system and that it was the inability of our people to buy even the necessities of life which dammed up our productive forces and caused labor to be unemployed. That is common knowledge, accepted by every person who has pondered the problem.

We may learn now, from just a few figures, that we did not begin to realize how great was our ability to produce even in those days when our production was so much greater than our ability to consume. There are statistics which prove beyond question that, in the years from 1939 to 1943, our production increased by more than 150 per cent, while the number of our workers increased by only 50 per cent. Those statistics will help us to appreciate how great our production may be when our sons are returned home—if we will only present them with the opportunity to produce.

We know something more—that our boys are not going to return home to submit, meekly, to unemployment and frustration and despair such as we experienced only a few years ago. They should not. We must see to it that they will not be confronted with that kind of circumstance.

While we are meeting here—if the stories and reports that come to us are true—the great dictators of the super-state, the directors of the international cartels, are meeting elsewhere from week to week and are making their plans to control and dominate and own the workers in the post-war world. Whether they understand what they are doing, they are intent upon frustrating and destroying the dignity of man.

It is not my intention nor desire to indict any one man or any group of men who are parts of the economic system, because we only waste precious time and opportunity when we indulge in developing hate against this man or that man and this corporation or that corporation. I am attempting to deal with basic causes and conditions.

The writers and observers of international politics tell us their stories of the march of stateism, of Fascism, or Nazism, of Communism. But they do not tell all the story. Fascism is not primarily the product of the political, business and financial conspirators. The seeds of Fascism are in the minds and the hearts and the souls of individuals. The seed beds of Fascism or other "isms" are marked "insecurity and fear"; and insecurity and fear are the products of the industrial and financial system of which we have too long been a part. Driven on by fear of loss and failure, of poverty, of starvation, men do today what men have always done—they try to build around themselves and their loved ones a wall of security, in their job, in their business, on the farm, or in the factory or corporation. And then they build higher and higher walls which they mark "cartels" and higher walls which they call "Fascism" or "totalitarianism." The walls go up and up until they shut out the sunlight and men perish. The walls are the prisons in which the dignity of man, of our workers, is lost and buried.

Our government files are filled with statistical facts to paint a picture of the walls of that system. There we see the deifica-

tion of profits, absentee ownership of industry, and irresponsibility. There we find the concentration of savings in the hands of a few and the use of the savings to get and retain power over the many.

First, let me turn to concentration of power—bigness in industry.

General Foods, one of our gigantic food distributing corporations, had only \$18,000,000 of sales in 1922; but in 1942 its sales had jumped to \$231,506,000 as it swallowed up one smaller business after another.

Standard Brands, another gigantic combination, had only \$39,000,000 of sales in 1922, but in 1942 its sales were \$144,358,000.

The Atlantic & Pacific grocery chain had sales of \$1,378,147,000 in 1942. The corporation handled about 14 per cent of all the grocery business done in this country a few years ago and today the percentage is undoubtedly higher. And, incidentally, five of our chain grocery systems had more than 20 per cent of all grocery business.

Five meat packers slaughtered from 50 to 85 per cent of all our livestock, according to the TNEC testimony of a few years ago.

Four automobile companies produced 90 per cent of our automobiles; four glass companies produced 85 per cent of our window glass; four companies produced 82 per cent of our rubber overshoes; four companies produced 76 per cent of our refrigerators. And, turning to the farmer, who must buy machinery, four companies produced 88 per cent of our farm cultivators and four companies produced 79 per cent of our farm combines.

I have only time to mention the oil trust, with its billions of dollars, controlled by a few companies; the telephone corporation, with its billions of dollars and a complete monopoly of that form of communication; the steel industry and its billions and ownership of iron ores; the aluminum industry, controlled by one company until recently, and now by only two.

These great corporations have developed through the system which permits a few men to use other people's money, and use it, in many instances, without any real accounting to the little stockholder. That system of ownership does not develop responsibility. It develops complete irresponsibility.

With a few statistics from TNEC I shall attempt to show how impossible it is for the worker to acquire ownership.

Our people with incomes of less than \$1,250 a year (and in that group are some 60 per cent of our families) not only have no savings but they live, in part, from gifts. Their dignity is sacrificed and destroyed.

More than 60 per cent of the total savings of all consumers were held by the group with individual incomes of \$10,000 and more each year.

More than 20 per cent of the total income of financial trusts or fiduciary agencies was saved, and more than 80 per cent of those savings went to individuals who had more than \$6,000 a year of income and not to wage earners.

Among the corporations, more than 30 per cent of the annual savings went to the gigantic corporations which had more than \$100,000,000 of assets, in the year 1937, for example. The small corporations, those with assets of less than \$50,000, not only had no savings but, as a group, they had a loss.

The United States Steel Corporation reported that from 1921 to 1938 it had invested \$1,222,000,000 in plant and equipment, and 96 per cent of it came from saved profits.

The General Electric Company reported it had \$322,000,000 of resources, and \$192,000,000, or approximately 60 per cent of that, came from saved profits.

More than a billion dollars of the income of General Motors in some 18 years went into savings.

The facts prove that the system has either destroyed the opportunity for our wage earners to save because of their low incomes or discouraged them from saving. It is true that they may save a little through purchase of life insurance, but where they buy from companies which are meshed into and made a part of the big corporate and financial systems they do not save for themselves. I shall discuss that fact a little later.

Instead of saving, the fact is that our workers have been

losing the ability to continue to own that which they might once have had.

We know that home ownership has been decreasing constantly, and while the statistics are not as complete as we would wish, we know that a considerable part of the homes which are occupied by so-called owners are mortgaged.

Our farm ownership statistics are adequate. More than 42 per cent of our farms are now occupied by tenants—not by owners. Our farms of more than 1,000 acres—and they constitute 30 per cent of all farm lands—are owned largely by corporations and absentee owners. More than 77 per cent of the farms in excess of 640 acres are owned, in fact, by corporations and absentee owners.

I pause here to ask if there is anyone who contends there is anything in these facts which encourages us to believe that the workers in cities and on farms are regaining ownership and becoming more secure?

If I had time I would present a story of the profits of big business to show how the consumer contributes the money to build these gigantic monopolies. I shall only refer to a few cases of intimate interest to workers in cities and on farms.

From 1925 until 1929, the grocery food chains had profits in excess of 20 per cent. The four companies in the dairy industry had profits of 16 to 18 per cent. Throughout the darkest days of the depression, from 1929 to 1936, the grocery chains had profits in excess of 10 per cent.

There is one little fact which tells a tremendous story and gives us a picture of the problem of consumers in cities and producers on farms. This is the day of packaged or canned foods. When the consumer buys No. 2 cans of tomatoes, for instance, he should know that 24 cents out of every dollar he spends goes for the cans, according to the government records. That fact may indicate why the farmer received only 52 per cent of the consumer's dollar in 1915 and, far worse, received only 42 per cent of it in 1940.

Man is a being of body and soul, or of the flesh and the spirit. He has rights and obligations. He must be free to express his rights and recognize his obligations. He must be free to express his obligations to his God and to his fellow men. Man cannot be a free man until he has satisfied himself that he has assumed and respects his responsibilities to his fellow man.

"Responsibility is the great developer," the late Justice Louis D. Brandeis told us.

Responsibility is the food of character. The masses of our workers have not been permitted, by the conditions of employment, to assume their responsibilities to their fellow men. They are not free men, but are bound to a treadmill of low wages and low incomes.

The first mark of the competitive profit system has been the mark of irresponsibility. The man who does not own his home is discouraged from having interest in his community. Like Alice in Wonderland, we wear ourselves tired just jumping up and down and crying "home-ownership" and we thus please only the speculative builders and investors. But if we would be intelligent we would admit that the desire for home ownership has been destroyed by the insecurity of the workers, a fear developed out of sad experience. The resulting disease is irresponsibility.

We began as a nation in which land was free. The frontier always beckoned to the pioneer. The opportunity to own a farm always offered hope to our people. But the records indicate to us that that hope has perished for us until we change the conditions which cause the increase in tenancy.

There was a time when man could aspire to ownership of his "own little business." That day is gone to a great degree. Today we have government agency piled on government agency to "help the little business man." I am sorry to say that it is Alice jumping up and down again, useless effort because, in the system of competitive-profit-capitalism, the small business man is assured of failure and death, generally speaking.

Absentee ownership is another mark of the system. Our industrial life is controlled by the absentee owners, and the minority owners and their managers must make their vows to the balance sheet and profits or they will not survive.

It is not a pretty picture which I have drawn, hastily and roughly, but I defy any rational man to deny that it is a fair

and a truthful picture of the world in which we live. The job before us, who try to plan a post-war world, is the job of changing the system.

Profits, greed, exploitation of fellow men, an economy of might makes right and the survival of the fittest, loss of ownership on the part of the masses of our people, and resultant irresponsibility!

Organized labor in cities and organized labor in the form of farm cooperatives have accomplished much in rescuing Labor from conditions of slavery. They can be justly proud of the service they have given to all our people.

We must further develop this accomplishment by the organization and production of more and more Rochdale Cooperatives, with membership open to all consumers. I am told there is a saying in Switzerland that "the consumer incarnates the public interest." He does, because all of us are consumers, and as consumers we are "the public."

Through the organization of consumer cooperatives we must and can make the markets for our labor "public markets." As consumers we must join in consumer cooperatives to own and control those markets. Thus, and thus only, can we reestablish a free market. And the secret of a free people, the secret of the maintenance and preservation of a democracy or a society of free people in our country, is to be found in the establishment and preservation of a free market.

I am not going to attempt to tell you about the consumer cooperative movement as it is developing in this country and with very encouraging rapidity, because Mr. Lincoln has given you that story. But I am going to outline a plan for Labor in the post-war world, and I shall attempt to do it specifically.

1. We should first establish in our national labor organizations, and then in each of our local organizations, a committee on education for consumer cooperative action. The committee should have adequate funds to proceed, immediately, with its work.

2. We probably could arrange through the Cooperative League for a correspondence school or some other form of education or training to enlighten and inspire and train our leaders so they can develop every member of organized labor into a cooperative leader in his community.

3. We should then work at the campaign of organizing, and thus inspire each of our members of organized labor to assume his responsibilities by inviting the interest and assistance of his immediate neighbors—those who live on his street and in his block—and thus develop cooperation among all consumers—the organized workers, the white-collar group, the fathers and mothers and children.

4. We should insist that our schools should immediately establish night classes, with the cooperation of labor leaders and cooperative leaders, so that the campaign of cooperative education may be carried on around the existing educational institutions. This consumer cooperative movement is a public movement, in the public interest, and we should demand immediately that our public money invested in our schools be used in such public causes.

5. We should organize credit unions as quickly as possible, and make certain that they are recognized as consumer cooperative credit institutions. Through them we should arrange for the savings of our people, the dimes and quarters, and thus provide ourselves with the capital for the development of our cooperative stores.

6. Of course, where there are cooperative stores or societies already in existence (and there are thousands of them in this country) we should join with them immediately. Where there are no such societies we should carry on the work of our credit union organizations into the development of consumer cooperative stores.

7. Through the Cooperative League of the U. S. A., which is the national educational organization of consumer cooperatives and has been leading the way for more than a quarter of a century, we should consolidate our educational efforts.

Thus we will begin to save, immediately, a bit of the wealth we produce, and we can all save a little bit if we wish to make some sacrifices. We save now for others to use our savings, through investments in industry and deposits in building and loan associations and other institutions. But we can begin to

save for our own use, not only through our own life insurance companies, as we are doing, but through our own saving institutions.

This is no dream I am outlining for Labor. There are millions of our people now organized in consumer cooperative organizations. They are demonstrating that the workers are just as competent to manage their business and to own their business as are the absentee directors of industry to whom we have surrendered our rights and our heritage. If organized labor will go at this task as resolutely as it has gone at the task of organizing our workers for other purposes, we will be—and we must be—ready to meet the problems of the post-war world.

We will then be on the road to ownership—ownership of our homes and farms and the tools of production, and of our financial institutions and factories and mines. And if there is any other road to ownership, I challenge anyone to show it to me and prove it against the background of statistical information of tenancy which fills the files of our government offices.

We will then be on the road to being free men—masters of our own destiny.

We will then be certain that we have recovered our opportunity to express our responsibilities to our neighbor.

We will then have every right to say that we have restored the dignity of man.

Then I shall have an answer for my boy, as you also shall have. We will have kept faith with them and will have begun to build a better world for them—a world of hope to replace the old world of despair, frustration, and war. (Applause.)

CHAIRMAN MEANY: Thank you very much, Brother Milliman. We will now hear from the President of the Pattern Makers' League of North America, an affiliate unit of the American Federation of Labor. I take pleasure in presenting Brother George Lynch. (Applause.)

MR. GEORGE Q. LYNCH: The purpose of this conference, as I understand it, was to bring about a basis of accomplishment between the farmer, the manufacturer, and Labor for the purpose of making America a better country in which to live. I think one of the best ways not to go about it is to critically take apart the contribution that has been made to America by each of these groups. I would not want the delegates here particularly to leave with the feeling that America is headed toward sure disaster if we don't institute what the chairman of the National Manufacturers Association claims as the panacea for it all, giving each man the opportunity to work where he wants and for what he wants and when he wants. That solution of the problem will never meet with the approval of the American people, because I have not lost confidence in the intelligence of the American people, and they know that that moss-covered formula of the manufacturers will not work.

So I want, just in the brief few minutes that are at my disposal, to remind this conference here of some important things upon which we agree. First, we are all in agreement that the standards of living in America, no matter what they may be, are the best in all the world. That hasn't been made possible by any one group in America. Organized labor has contributed toward it, the cooperative movement has contributed toward it, the inventive minds of many in industry and in chemistry, in finance and in other departments of American free enterprise have made this America what it is. And, by way of encouragement to you, let me remind you that we had another World War and we also had our ominous predictions at that time. Everything was a crisis and everything was going to the damnation bow-wows if someone's pet formula were not followed. But what has happened in America during this last 25 years? Are we as a nation worse today than we were 25 years ago? Have we more or less abuses in America than we had 25 years ago? Let's be concrete about this thing.

In the first instance, through the efforts mainly of the American Federation of Labor, we have brought about a situation where it is no longer possible for boys and girls to go to work at the age that President Green and myself, and perhaps Brother Meany, entered industry; at 13 years of age. That is no longer possible. Have we today a group of working people who are thrown on the industrial scrap heap without any consideration

of their future, or have we enacted during this last 25 years unemployment insurance, social security, and many other democratic processes to meet whatever problems may arise following this war? And above them all, I recall clearly in the last war we were struggling mainly then for the right to organize. Reference has been made to the Clayton amendment, to the Sherman Anti-Trust Law, a struggle for the right to organize and bargain collectively. Well, in this last 25 years we have a statute that has brought great dignity to those who work for wages and salaries. Mark you, on July 5, 1935, the President of the United States signed a document as important to Labor as the document that was signed on July 4, 1776. Prior to July 5, 1935, the working people of this country had absolutely no rights which the employers were bound to respect. Today we have the right to join in labor organizations and bargain collectively for better conditions of employment. We have made this program, and unless we believe the intelligence of the American people to be lower than it was during the past 25 years, I feel quite confident that the intelligence of the American people will cope with the problems with which we have to deal after this war, and on this occasion we start from a better vantage point. Many rights of Labor have been established that were not in existence in 1917. I feel quite sure that as a result of the progress that we have made the American Federation of Labor will play a far more important role in the forthcoming peace and the post-war era than was played by Labor in the last post-war era.

All of the groups in America are going to contribute toward this end, and I am hopeful that out of this conference the representatives of the groups who have spoken at this conference will get around the table and work out a solution that will keep America progressing as well in the next 25 years as it progressed in the past 25 years.

I thought perhaps I might be in a strange atmosphere in this conference, but as I listened to my good friend, Murray D. Lincoln, for the first time there was no strange atmosphere about it. He was doing that which Labor has always done, giving his solutions for the problems. His organization, of course, will play a part, and an important one, because it has a progressive viewpoint, but this world will not solve all of its problems by a system of cooperatives alone, nor am I of the opinion that any single system will stop wars, which have been going on in this world since the memory of man runneth not to the contrary.

But I hope that we will all leave here with the feeling that the American Federation of Labor and the other groups in American life have made this the best nation in all the world, and I hope that we will cooperate in the future at conference tables to continue this progress when this war is happily and fortunately over. I thank you. (Applause.)

CHAIRMAN MEANY: Thank you very much, Brother Lynch. We will now hear from the head of another unit of the American Federation of Labor. I take great pleasure in introducing to you the President of the National Brotherhood of Operative Potters, Brother James M. Duffy. (Applause.)

MR. JAMES M. DUFFY: Mr. Chairman, ladies and gentlemen: I do not intend to be very long in what I have to say. I personally feel that this conference has been productive of much benefit to Labor and management. Surely it will bring about a better understanding of all groups having a stake in our domestic economy. Does it not seem strange that these problems which have proven so difficult to us throughout the years can be solved so easily and made so practical through the preachments of man? You have listened to some wonderful addresses this afternoon. Throughout all of these discourses not one single assertion was made as to anything being wrong with free enterprise, our system of industrial activity, and all that goes to make up our economy. There is nothing wrong with the mechanics of free enterprise as practiced for many years in the United States.

The discordant note struck here this afternoon has been our unfair conduct towards one another. This being true, then it seems to me to be a simple application of the Golden Rule. If

we would strive diligently to live up to and carry out this high ideal our problems would soon be solved to the satisfaction of all groups.

Now, regarding the accomplishments of private enterprise, personally, as a representative of Labor, I am whole-heartedly in accord with the principles and practice of private enterprise as we have known it in the United States of America, insofar as the productive element of private enterprise goes. May I again say there has been no criticism of that, no fault-finding, only with the conduct of these groups towards one another.

In other words, it is the inequitable distribution of the fruits of private enterprise that we find is not coming up to standard. In that respect I think it only fair to say that the captains of industry are the ones to blame for at least 80 per cent of the breakdown. They have made wonderful accomplishments in production. It has been said, and truly so, that America is the arsenal of democracy. It has been amply demonstrated in this war. Without America's productivity there would be a different situation in the World War that is going on today in an effort to preserve democracy for human kind. But the ownership of industry and the personnel dominant in private industry in our country, grew arrogant over the years and they abused the privilege and misused the tremendous power which private enterprise brought to them. They have been inconsiderate of the element without which they could not have made these accomplishments in production. I have in mind the laboring element, the most intelligent, the most highly skilled, the most ambitious, and the most patriotic people who can be found anywhere on the face of the earth. They have made a major contribution to this phenomenal gain in production, but they have been the forgotten men many times, and all too often by the captains of industry.

Labor fought hard to keep out these injustices. They fought at a great disadvantage, but they never gave up the fight. As the years went on and labor unions gained strength and prestige, and as they have become better understood, they acquired influence and public favor. It cannot be denied that Labor, beyond any other element or group, has been responsible for bringing about the regulation of industry.

Labor does not like too much regulation by industry. Labor realizes that Labor itself can be overregulated by impractical theorists and so-called governmental experts, but as a matter of self-defense Labor was compelled to take this course of action. Unfortunately, in my opinion, Labor is becoming over-regulated. The captains of industry have been definitely regulated in recent years and they are very, very much dissatisfied. I contend the one and only practical way to solve these problems is by sitting around the conference table.

There are just two, in my judgment, who really understand industrial and labor problems—employer and employee. And where conferences have been the basis for settling employer-employee questions in industry over the years there has been very little industrial strife. Where that has not been practiced there has been much strife and discord and the common people have been made to suffer. It is a problem facing us, there are no two ways about it.

Personally, I believe the conference of the past two days is a step in the proper direction. I have said some critical things of management. I can say things equally of agriculture, and I assure you I know I can of Labor. Labor has not been lily white in these things. To me the most unfortunate thing that has happened in the labor movement is the division of Labor. In my judgment, the same element of selfishness and unreasonable personal ambition which brought grief to leaders of industry and disrepute to private enterprise has brought about this division of Labor. It has resulted in disunity and unquestionably retarded the progress of our movement, as well as deprived men and women of Labor of many benefits which would have come to them through a strong and unified labor organization.

There is an element of humankind that cannot bring themselves into actual practice of the things we like to preach about, such as abiding by the rule of the majority, sticking to democratic principles which are inherent in our American way of life. We do a lot of preaching about these things, but it is hard, it seems to me, for us to carry them out in practice.

If each and every one of us will really make up our minds to practice the Golden Rule more in the future than we have

in the past and truly learn the doctrines of the Constitution of the United States of America with reference to the rule of the majority, and then follow that irrespective of whether our argument prevails or not, we would not have the difficulty we have been experiencing solving these problems, because there would be greater unity among us. There certainly would be more tolerance exhibited toward one another and then we would maintain that state of mind which can make possible the proper settlement of any question or dispute.

In conclusion, I would say to meet this post-war situation an abundance of common sense is what we want; just plain common sense. Then if the leaders in Industry, Agriculture and Labor will strive earnestly to learn more regarding statesmanship, and diligently and steadfastly follow that line, we will have no fear regarding our ability to solve any problem. (Applause.)

CHAIRMAN MEANY: Thank you very much, Brother Duffy. Now I want to close the very fine session held here this afternoon and I am going to present to you Chairman Woll, who has a brief announcement to make before we adjourn.

MR. MATTHEW WOLL: Well friends, if we have had any success in the conferences for the past two days it is due primarily to your committee and those who have participated from the platform, but each and every one of you who has attended the conference has contributed his or her share to that success.

We are anxious, of course, for the evening session to be as successful as have been all previous sessions, and therefore I want to urge upon each and every one of you not only to attend this evening session and be here promptly at 8 o'clock, but urge your friends likewise to come to this climax to a most successful meeting.

In addition to that, the two principal speakers are coming from Washington at our request and invitation and it is but fair to them and fair to ourselves that we express our appreciation for their coming by your being here in a large attendance. Do come here at 8 o'clock promptly. As you know, the principal addresses to be delivered are by Monsignor Ryan and Paul McNutt, the Chairman of the War Manpower Commission. Then there will be the summing up by President Green, as well as a report on the committee's work. Do come at 8 o'clock promptly and bring your friends with you.

CHAIRMAN MEANY: The meeting stands adjourned until 8 o'clock.

The session adjourned at 5.40 P. M.

THURSDAY EVENING

April 13, 1944

The sixth session of the American Federation of Labor Forum on Labor and the Post-War World was called to order at 8.25 P. M., at the Commodore Hotel, New York City, by Chairman Matthew Woll.

CHAIRMAN WOLL: By reason of the fullness of our program yesterday morning, Dr. Childs, who was scheduled to address us, was unable to do so and quite readily and willingly accepted this unfortunate situation. In fairness to ourselves as well to him, it is only fitting and proper he should be accorded the opportunity of addressing us at this time, and that we should be privileged to hear the thoughts and observations he intended to convey to us yesterday.

It is because of this I am taking the privilege of slightly altering our scheduled program for this evening by pre-

senting to you at this time Dr. John L. Childs. In so doing I wish to mention that Dr. Childs is not only a member of our Post-War Planning Committee but as such his contribution has been invaluable. He has given of his time and of his great abilities and service without stint or consideration of his personal convenience. We are greatly indebted to him for his helpfulness, and I am more than pleased to present to you Dr. Childs, a member of our committee and a member of the American Federation of Teachers. (Applause.)

DR. JOHN L. CHILDS: We have met in this two-day forum at a very difficult period in the life of our country and the world. We do not exaggerate when we say that democracy is in a grim struggle for survival. If we are realists and willing to confront the full truth, we must recognize that this crisis of democracy will not disappear once the Axis Powers are defeated. In a real sense the war itself is a product of deep maladjustments in modern civilization. As the report of our Post-War Planning Committee declares, total defeat of the Fascist nations is essential to clear the way for democratic reconstruction, but mere military victory is not enough to justify the sacrifices of the common people or to meet the needs of our democratic way of life.

In this critical period, organized labor is one of the great resources of democracy. One of the reasons for this is that workers know that democracy means struggle, and as workers they also have an orientation to the struggles now under way. This orientation contributes standards and criteria by which Labor can sense what is at stake for the common man in any specific area of conflict, either in the domestic or the international sphere. Labor is less confused by surface events than many other groups, because it knows that it is on the side of the common man and hence is able to distinguish the friends from the enemies of democracy.

In our report we identify the two supreme enemies of the common man at the present time. One of these is aggressive war, or war used as an instrument of national policy. The other is mass unemployment, or want and misery in the midst of potential abundance.

As many of the speakers in the sessions of this forum have emphasized, these two enemies are inter-related. To overcome the one we have to overcome the other. The very future of democracy, and the future of our labor movement, require the defeat of both of these foes, thus organized Labor must be active on both the home and the foreign front at one and the same time.

The solution of our internal problem of production and full employment would certainly contribute much to the economic and political security of the world. Indeed, without a prosperous America, able to provide jobs for all of its people, we do not have a solid basis for either world-wide economic recovery or international security.

On the other hand, a genuine system of international security would make a dual contribution to the economic health of our own country. Insofar as it made possible the progressive reduction of armaments, it would free our economy for greater production of goods and services for civilian use. A stable world organization would also provide the basis for an expanding world trade which, if attained, would facilitate our domestic effort to maintain full production and employment, hence a domestic program for full employment, and an international program for world organization and security, are but phases of one total task. The full power of organized Labor should be mobilized to carry on this two-fold struggle. The significance of this forum of the American Federation of Labor is the promise it gives that our leaders recognize this and are taking hold and concrete steps to meet the total problem. We must not, however, underestimate the dimensions of the task.

As we state in our report, we cannot get rid of war by mere wishful thinking or by returning to our historic American policy of peacefully cultivating our own garden. To remove the conditions that breed war we must do our part in creating a world order—and that world order will have to deal not only with political and military affairs but also with the more basic problems of economics, race, and culture.

To get rid of mass unemployment we must do more than demand that the workers get their due share of whatever national income we have. We also have to accept the much more difficult task of organizing an economy that can maintain a stable level of high production. The honest and candid discussions of this forum have shown the huge proportions of this problem.

All of the foregoing implies that if organized labor means what it has affirmed in this report it must now develop a strategy and a concrete program adequate to overcome the forces we have identified as the supreme foes of the common man. The plain fact is that in this revolutionary age trade unions cannot discharge their obligation and merely continue to do business along the old lines. The day-by-day struggle to expand our organization, to lower hours, to raise wages, and to provide security and protections for the worker on the job must now be supplemented by a broader and determined program to get rid of depressions, scarcity, mass unemployment, and war.

The outstanding conclusion of the discussions of these two days is that the common man—the working man—can prosper only as we reconstruct our civilization. What we have said here, and what we have stated in our report, are excellent providing we recognize that they mark merely the introduction to a larger responsibility. The needs of the common man and the past achievements of the American Federation of Labor now combine to demand that we take on new functions. To say this is not to imply that we should stop doing what the Federation has already done so well. The standard trade union operations are fundamental, and they must be continued at all costs. But in and of themselves they are not enough to meet the demands of this crisis in democratic civilization.

The American Federation of Labor, with its present membership, its many and influential friends, its traditions, its social and political power, and with its access to the leaders and committees of Congress and to the various executive departments of our government, is in a unique position to render service to the working people of the world at this time. But to do this it will have to be adequately prepared to deal with the many complex problems of economy and government in both the domestic and the international sphere. Good intentions are not enough to develop policies on these matters. On the contrary, these policies must be based on searching analytical studies made by trained specialists who have the Labor point of view. The organization of such a staff is now an urgent need of the American Federation of Labor. Our officers also should be freed from some of the routine detail of their positions so that they can have time to mature programs on the basis of the data and the analyses made by the research workers.

The leaders of business have sensed that a changing national and world situation requires a more basic response from them. Mr. Paul Hoffman, president of the Studebaker Corporation and Chairman of the Committee on Economic Development, reported yesterday about the huge budget, staff and program of studies their group is undertaking. The U. S. Chamber of Commerce and the National Association of Manufacturers are also organized to make policies from the standpoint of the interests of management.

We must get ready to see that the Labor side is equally well prepared. Nothing less than the role of statesmanship should satisfy the American Federation of Labor at the present time. The successes and achievements of the past now make it imperative that we assume these new responsibilities. I know that I speak for all of you when I say that we are willing to give our leaders full support as they seek to develop a strategy and to augment a staff sufficient to meet these new emergencies. Labor has its indispensable role in helping our country do its part to organize a peace in harmony with the principles of the Atlantic Charter and the Four Freedoms. This time we must win both the war and the peace. (Applause.)

CHAIRMAN WOLL: Thank you, Dr. Childs, for your contribution this evening.

I might say before I begin to introduce either one of the next two speakers that we are greatly indebted to both of them for their inconvenience in leaving Washington to come to attend our meeting here tonight. They do so at

great sacrifice and our committee is more than grateful that they responded to our invitation to be with us, and I am sure I reflect the opinion and judgment and gratitude of everyone here.

Perhaps no person in Washington today stands up and fights for an issue with any more vigor or more power than the man I am about to introduce. One of the outstanding contributions he has made to the maintenance of this American way of life which we treasure so highly is his adamant stand against the military when they wanted to take over the manpower of this great country. The man to whom I refer, of course, is the Hon. Paul V. McNutt. (Applause.)

I have no desire to read "Who's Who" to you, but I do want to call attention to the fact that Mr. McNutt was Dean of the University of Indiana Law School from 1925 to 1933. Then, too, he was Governor of the State of Indiana from 1933 to '37. He was United States High Commissioner of the Philippine Islands from 1937 to 1939, and Federal Security Administrator since July, 1939. Patriotic and as a Past National Commander of the American Legion, this man has contributed in no small way to the close cooperation now obtaining between the American Legion and the American Federation of Labor.

Cooperating continually with President Green, he has set up labor-management committees throughout the country which are so successfully operating with manpower problems. It is, therefore, my privilege and pleasure to introduce to you a friend of the American Federation of Labor, the Chairman of the War Manpower Commission, the Hon. Paul V. McNutt. (All arose and applauded.)

HON. PAUL V. MCNUTT: Mr. Chairman, distinguished guests, President Green: First of all I am very grateful for this most gracious introduction and may I say in my own terms that my relations with the representatives of this organization have been not only happy but they have been extremely helpful. Thank you, Mr. President.

This conference is being held to explore the problem of Labor in the post-war world, but since I was told I might choose my own topic for discussion I am deliberately going to by-pass the question. I am going to talk about war manpower during the war.

Please do not misunderstand me. It is vitally important that conferences of this nature be held. It is very necessary that a great labor organization like yours should clarify, so far as possible, the problems you will have to face when hostilities end, and to outline the steps that will have to be taken to meet them, but for me, the present urgencies of the war outweigh even these problems. In any event I regard it as my responsibility to keep them sharply in focus.

The war is not yet over. This simple statement of fact cannot be repeated too often or too vigorously. It may well be that what we, the American forces, have so far encountered is but the merest curtain raiser to the real struggle.

We are on the eve of the greatest invasion of history. To accomplish this invasion successfully will require many months of hard, costly fighting. During the course of the battle we may meet with many severe and disastrous setbacks. Nazi Germany has still a large number of heavily-armed divisions to meet the attack. The entire western coast of Europe is ringed with iron defenses. Our experience in Italy has taught us the German soldier is a brave, skillful and tough foe, and all credible reports point to the fact that the morale of the German people is far from cracking. Certainly the invasion of Europe will be no pushover. It will require our maximum fighting strength, and it will also require our maximum production strength to keep the materials of war flowing during the anxious months which lie ahead.

I stress all this because, as you well know, the easy assumption

that the war is "in the bag" is one of the most dangerous psychological factors with which we have to contend. Too many employers are today more concerned with their position in a post-war market than with their position in a mid-war crisis. Too many workers are listening to rumors that the bottom is shortly to fall out of war production and it behooves them to get settled quickly in a "safe" peacetime job before the general scramble begins.

The very word "cut-back" is being used as a boogeyman to frighten them into this belief. Indeed, we have innumerable instances where the announcement that, say, fifty men would be laid off, has caused perhaps ten times fifty to quit their jobs and return to the communities from which they originally hailed. For them the war was over; they were taking no chances of being caught short away from home in a diminishing market. Actually, as we all here know, these so-called "cut-backs" are the inevitable adjustments in production schedules made necessary by military developments abroad. Events on the battlefronts are moving rapidly and preparations for the invasion have already caused drastic alterations.

Decisions to curtail production on certain types of war materials and to increase others are sometimes made over night. The curtailment of production in one area may throw thousands of men out of work; but the increase in another area makes it imperative to recruit thousands of more workers.

Through inter-regional clearance we are trying to move workers from areas where they are no longer needed to areas where they are needed desperately. Pools of unemployment are probably unavoidable, but they need be only a temporary circumstance. Our job is not only to absorb them as rapidly as possible but, above all, to make clear to the worker how greatly his labor is still needed in some sort of a vital war job.

Having said this, I should like to go on record that the present manpower situation is relatively good. We still, however, have many difficult problems to meet.

For one thing, from now on we must expect most of our able-bodied young men will be withdrawn from war production and supporting industries to meet the requirements of the draft. Battle experience shows the young man makes the best soldier. The military must have as many as they need. And, as the President has stated, the older workers (the women and the men who are disqualified for military experience) will have to take their places. But whatever further strain this factor imposes we are, I think, in a fairly sound position to meet it. Labor shortages are today causing less damage to war production than at any time during the past twelve months. The vast majority of war plants have been supplied with the manpower they need. Most of the production programs are on schedule or ahead of schedule, including the crucially important aircraft program. The magnitude of our total war production is now equal to the combined war output of the rest of the world.

Thus, we have provided manpower for munition. Actually, our most critical shortages today lie outside the field of munitions. They are found chiefly in supporting activities such as railroads, lumber, coal and cotton textiles. In the case of the first, it is a question of additional staffing to carry the burden of the tremendous increase in traffic which has occurred during the war and to offset the heavy drains made by the draft on railroad personnel.

In the others, we must reverse a trend which has seen a steady drop in employment. This drop is due in some cases to low wages and unpleasant working conditions and the fact that so many workers within those industries have left to take higher-paying war jobs. But in considering our relatively sound position in manpower we can look to another far more basic factor. The war manpower program, as a whole, is working, and working well.

I shall not take time to detail the seven points of this program as it was laid down by our National Management-Labor Policy Committee last November. Many of you are quite familiar with them, but I should like to mention briefly some of the results which have come from an intensive application of that program.

In critical areas, as you know, it has been necessary to review carefully the manpower requirements as stated by employers and make sure the most urgent minimum requirements as stated by employers are met first out of a scarce supply of labor. For

this reason, in a large number of critical areas we have instituted, with the cooperation of the War Production Board and the various procurement agencies, a program of manpower priorities, employment ceilings and controlled referrals.

In some 38 industrial labor market areas, priorities are determined on the advice of the Manpower Priorities Committee, composed of representatives of the War Manpower Commission, the War Production Board and procurement agencies. These priorities govern the order of referral by the United States Employment Service and are assigned only after an examination of genuine manpower needs, in the light of production schedules, labor utilization and employer specifications.

Employment ceilings are established by the War Manpower Commission to set a limit on the total employment in certain establishments or activities, or in all activities within the labor market area. In other words, to balance the available labor supply with the demand. Employment ceilings for war plants are set on the basis of the minimum amount of manpower needed to meet actual production schedules. They can be revised as schedules are revised.

This device is now being used in 29 labor shortage areas. It has proved to be extremely helpful not only in achieving a manpower balance, but also in reducing turnover by limiting the number of alternative employment opportunities.

Controlled referral has been established for all workers in 18 areas; for male workers in 12 areas; and for all workers in essential activities in 72 areas. By this device we make certain, so far as possible, that workers are directed to jobs which must be filled in essential industries.

And may I say, in passing, in spite of certain hardships which have arisen in individual cases, most workers have recognized the plain necessity for this control and have cooperated in a spirit of magnificent patriotism!

All this is tied in closely with our basic utilization program. Utilization studies are at present being made at the rate of 500 a month. These result in concrete recommendations to solve such pressing problems as excessive turnover, absenteeism, production lags, low morale or a breakdown in community facilities.

One thing is certain: No employer today, if we can help it, is permitted to waste good American labor either from selfish motives of profit or because of lax or faulty management practices. The fact that employment ceilings are based upon maximum utilization has served not only to scale down drastically the employer's demand for workers, but has forced him to do a thorough job of housecleaning within his own plant.

The program is working. This pattern of operation we have developed is proving itself capable of absorbing most of the strains which, so far, the vast complexity of the war manpower problem has imposed upon us.

Our task in the months ahead is clear. We must hold on to the needed workers in essential and vital industries. We must be able to shift workers quickly as the production demands change. We must find more workers for the hot, heavy and dirty jobs, for the low-wage jobs and for the geographically isolated jobs. And we must recruit replacements for those who enter the armed forces or who for other reasons leave the labor market.

In this statement you will note I have laid great stress on the importance of the cooperation between Labor and Management. In some respects, as you well know, there is a basic divergence between the interests of the employer and the worker. Yet during the past two years we have seen workers and employers sit down together with the representatives of Government and develop among themselves, in their committees, a comprehensive, practical and successful program of supreme national importance. This, I submit, is an accomplishment of major significance. I have often said, and I will repeat it to you tonight, not many good things come out of war, but one of the good things that will come out of this war is the demonstration in which you have so ably participated . . . that Labor and Management can, if they will, sit down together to solve their problems. (Applause.)

I said earlier I intended to by-pass the post-war question. But before I close I should like to relate this accomplishment to that question.

When the war ends we shall be faced with many new and intensely difficult problems. Our post-war economy must be set

on a firm basis. The demand for capacity production—full employment—is heard from every side. The question is, how can it be achieved?

During the past two years we have learned much of the country's resources and how they could be harnessed to the common task.

In the production of implements of war we set our sights and achieved our goal with a speed and efficiency which have been the consternation of our enemies abroad.

Only by the most careful planning and coordination could this miracle have been accomplished.

That continued cooperation can also achieve a peacetime miracle.

If we have the will and the determination—the courage and imagination—we can by these methods create an economy of abundance that will outstrip any prosperity this country has ever known and make it endure.

We can guarantee every man and woman, who wishes to work, a full-time job at a fair wage.

We can guarantee every farmer a steady, consistent and profitable return on his crops.

And in doing this we can give full scope to honest, private initiative—full opportunity for fair and reasonable profit. (Applause.)

We need ask only that the energies of the nation be directed on an agreed-upon constructive end—within a pattern that will serve primarily the common good rather than the purely selfish ends of the individual.

That is a goal to strive for—and, I insist, an entirely rational and possible goal.

But within the pattern I speak of must come, first of all, the blueprint for an orderly demobilization of the men in our armed forces—an orderly reconversion of our plants to civilian production. And I emphasize the word "orderly."

If we fail here, we shall fail all along the line.

Without question, when hostilities end there will be tremendous pressure to "bring the boys home" at once and without further delay. That will be understandable and hard to resist.

But for their own sakes, if for no other reason, we cannot risk turning them all loose simultaneously in a mad scramble for jobs in a suddenly deflated labor market.

That is what we did for some four million veterans in 1919, with disastrous results. We dare not risk it again with eleven millions.

By the same token, we must plan our reconversion to civilian production in such a way as will provide a job not only for each returning veteran, but for each demobilized war worker.

We must carry the process forward step by step—maintain a balance by a flow of orders—with the same over-all strategy which marks the direction of a major military campaign.

This mobilization for peace will not be easy. But it need not be more difficult than our mobilization for war.

It will not be a job for Government. It will be a job for Management, and it most certainly will be a job for Labor.

Organized labor has already demonstrated, during this war, that it possesses statesmanship of a high order.

That quality of statesmanship must be made use of in our post-war economy.

We must look to you gentlemen, here assembled, to help set the course of this nation and steer it through the whirlpool of a changing world into the harbor of security. (Applause.)

CHAIRMAN WOLL: Mr. McNutt, on behalf of the conference here I want to express to you our sincere thanks and gratification for your instructive, interesting and constructive suggestions, not alone dealing with the present-day situation and requirements but likewise with the future requirements for a peaceful and orderly transition from war to peace.

We realize the importance of winning the war, and while we are meeting here discussing post-war problems we have not been and never will be unmindful of the more important work of immediately and successfully winning the war, for

without the winning of the war all of our post-war planning would be of no service.

Before introducing the next speaker I want to call upon one to rise who has come within our midst unexpectedly this evening, an old friend of the American Federation of Labor, one we knew as Father Haas but who is now Bishop Haas. May I ask him to rise? (All arose and applauded.)

In our two-day sessions we have had men of different thoughts address the conference. We have had remarks on the question of free enterprise, free labor, free education, free scientific undertakings and the like. It is only fitting and proper that we should also deal with the subject of freedom of faith. Our work would not be complete unless we also discussed that subject in our conference here today, and to that end we invited the next speaker to come to our conference. We are indeed grateful for his kindly response.

At the turn of the century there were few economists who were interested in applying their technical knowledge to help workers share justly in the return of their labor. There were few sociologists who would, or indeed could, leave the realm of abstract theories of the structure of society to concern themselves with the practical application of their theories to help all members of society live more richly.

At about this time one man, a devout, religious leader and a great scholar, began his crusade to impress on his fellow citizens that we all have a moral responsibility to use our knowledge for the enrichment of all mankind.

Father John A. Ryan began talking about the minimum wage as the means by which we could abolish child labor, of workmen's compensation, of the family wage, and of all the other factors which would enrich a worker's family life; to talk of these great principles in terms of economic and social practices and as a great moral and religious responsibility confronting all of us.

In the face of opposition, in spite of many obstacles, Monsignor John A. Ryan worked on for us and with us. As we won our battles he rejoiced with us.

Scholar, author, professor, economist, honored by his church and by his government, loved and honored by thousands of trade unionists, Monsignor Ryan is still teaching, still studying, still working for his fellow men, and he comes to us tonight to join with us in working for a program in which we may work with trade unionists throughout the world to achieve the great moral principles to which we all subscribe.

Friends, it is a privilege and a great pleasure to present to you the Right Rev. Msgr. John A. Ryan. (All arose and applauded.)

RIGHT REV. MSGR. JOHN A. RYAN: Mr. Chairman, President Green, Bishop Haas, Governor McNutt, members of the American Federation of Labor and friends: I speak tonight on the subject that I have chosen with a good deal of diffidence because I think that everything that is worth while saying on that subject has already been said many times, that all that I can do is to repeat the parts of speech that might be made on that subject which seem to me most important. So I have chosen to speak briefly, very briefly, of the ethical and economic and political aspects of an international post-war organization.

Now all that is old stuff, so I can touch only the high spots of the subject. I look back to December, 1918, when I delivered what I think was one of the very first speeches made in this country in favor of a League of Nations. While plenty of water has gone under the bridge since that time, today there seems

to be good hope for the establishment of an international organization (call it League of Nations, what you will), after this present world war. I say good hope for it despite what happened a few days ago in the state from which my good friend, Bishop Haas, comes. (Laughter.)

There seems to be good hope, I say, that we shall have an international organization, and may I say that I was glad to read the very brief summary that I saw in Washington's *Post* yesterday of the report made by the committee of the A. F. of L., of which Mr. Woll is the chairman. I thought it was fine. I was glad again to read the speech that Breckinridge Long made here yesterday on the same subject. I think we are going to get an international organization, and so I want to speak briefly about the main points that are important in it.

The aspects of an international post-war organization which I desire to discuss are ethical, political and economic. Obviously, I shall not have the time to deal with any of them adequately. I shall merely try to present those features of the subject which strike me as the most important, and I can do this only briefly.

The most important ethical aspect of an international organization is that it is demanded by the moral law. As expressed by the Reverend A. Muller, S.J., of Antwerp, "The existence of an international society is in accord with God's design as a result of man's natural sociability." Just as individuals are morally obliged to live in organized communities under national governments, instead of in conditions of anarchy, so the groups of individuals called states or nations, are morally obliged to establish and maintain an international organization, instead of living in conditions of international anarchy. Between the two obligations the difference is only one of degree. Both derive their binding force from the demands of the common good.

The most important political implications of this moral obligation can be expressed in two general and three specific propositions. The former are: first, the international organization will require more comprehensive scope and power than was possessed by the League of Nations, but it must not attempt to exercise all the powers of a unitary super-state; second, it will require all the individual states to give up a considerable degree of national sovereignty.

With regard to the latter proposition, we may say that the concept of national sovereignty, as invented by Jean Bodin and expanded by Hobbes, Rousseau and John Austin, has been an evil thing for political science and ethical values. It has promoted the heresy that states are above the moral law and has fostered a sort of jingoistic idolatry of the very term, sovereignty. The prevalence of this idolatry among our people is a serious obstacle to rational consideration of proposals for political world organization.

The three specific propositions describe the three essential elements of an international organization, namely, a court, a police force and a legislative-administrative council. Of these the judiciary is the one that makes the greatest appeal and raises the smallest objection. In large part this is due to the fact that two such bodies have been in existence for many years and have operated with considerable success. These are the Court of Arbitration and of International Justice, set up at the Hague, in 1899 and 1922, and the Permanent Court of International Justice, established in connection with the League of Nations. More than one President of the United States desired our country to take membership in the latter institution, familiarly known as the World Court. These efforts finally failed, when the Senate, in 1935, by a very few votes refused to ratify the proposal. In their campaign to bring about that result, our isolationists reached a new low in political ignorance and partisan trickery.

The international court should be empowered to adjudicate all disputes, without exception either as to nation or as to subject matter. No state should have the power to reserve from the jurisdiction of the court any matter, on the ground or pretext that it is "political" or "nonjusticiable." That question should be decided by the court, not by one of the interested parties. If the court should find itself unable to render a final declaration, owing to the absence of adequate law covering the case, the obvious remedy is appeal to the international legislature. This is only one of many situations which show that an international

organization needs a law making body, as well as a court. The legislature should make laws formally, even though the World Court, like all other courts, would do a good deal of that sort of thing informally, indirectly and implicitly.

Undoubtedly the most difficult situations confronting the court will be those involving aggression, or alleged aggression. In such cases it is obvious that no member of the court who happens to be a citizen of any of the interested states should participate. This provision would disarm one hoary objection of our isolationists, "would you want to see our claims and grievances adjudicated by a court of eleven men of whom only one was an American?"

The second arm or element of an international organization, namely, the physical power to enforce its decisions, is the one that provokes the greatest amount of objection, skepticism and flippancy. "What! Do you think American fathers and mothers will ever consent to have their sons act as policemen to put down insurrections or petty wars in the Balkans, in China or in Uganda?" "Do you really expect the Congress of the United States to undertake the policing of the seven seas and all the continents?" The legal profession has a saying that "hard cases make bad law." In the situation that we are now considering, extreme illustrations present a picture that is essentially false. In the first place, the international police force, the military and naval enforcers of international law, would comprise more than Americans. It would be composed of the nationals of many lands. Rebels against its authority would find themselves opposing not merely one or two nationalities against which they might bear ancient grudges, but the representatives of many countries with which they had never had a quarrel. In the second place, the most serious cause of international friction, namely, aggression by one state against another, could be prevented by other sanctions than guns, bombs, and torpedoes. Economic embargoes and boycotts and the effective threat thereof, could be so organized and operated as to render acts of aggression extremely rare. In the third place, the picture of "our boys" policing the jungles of Malaya, the mountains of Montenegro or the desert places of Africa, is technologically out of date. Most of the preventive policing would be performed by the battleship and the airplane bomber, rather than the soldier's rifle or the patrolman's stick. Indeed, some authorities believe that sufficient military sanctions could be provided by an international air force, recruited by voluntary enlistment.

The Seven Point Peace Statement issued by the three great religious bodies of America, October 7, 1943, declares that the international organization must possess "adequate sanctions to enforce the law." In his Christmas Message of 1943, the Pope declared that a true peace will not be achieved "without the employment of force and its very existence needs the support of a normal measure of power."

An administrative-legislative organ is indispensable. If the nations are to collaborate to prevent wars and to promote in other ways their common welfare, they will require some rules to define the methods and extent of their cooperation. The existing structure of international law is obviously insufficient for this purpose. The assumption that a world court might take the place of a legislative body, through decisions rendered and precedents created in particular cases, may be forthwith dismissed as impracticable and undesirable. As we are all aware, the great body of rules known as the English Common Law was created in precisely that way, but for various reasons that ancient method could not be profitably adapted to the modern international scene.

How much law-making power should be entrusted to the international legislature? Obviously not enough to usurp any of the domestic functions of the national parliaments. In other words, the world legislature should deal only with those matters that affect more than one nation; that is, the relations between one and another and their common welfare. Of course, this would require the cooperating states to surrender some degree of the pagan thing called sovereignty. So be it. The alternative is the persistence of nationalism and international anarchy; also international dissension, hatred, and war. Calm consideration of the terrible price which the world would pay for a continuation of these conditions, compels the conclusion that effective international cooperation deserves to be given a fair trial. It has never yet had such a trial.

Taking up the economic aspects of my subject, I again cite the Pope. In his encyclical, *Sertum Laetitiae*, November 1, 1939, directed to the bishops of the United States, the Holy Father said, "the goods which were created by God for all men, should flow in an equitable manner to all, according to the principles of justice and charity." The most important feature of this proposition is the implication that God did not apportion property rights along national or political lines. He did not confer exclusive rights to any portion of the earth upon any people who happen to occupy any region at any given time. He did not give the natural resources of the United States exclusively to the inhabitants of the United States. Like the resources of every other country, they are the common heritage of all the children of men. To be sure, the nationals of every state have a prior claim upon the created goods within its boundaries, but their claim is not absolute nor exclusive. It is analogous to the right of the private owner as against other individuals. Just as the common right of property is morally superior to the private right; just as the social element in ownership takes precedence, in some situations, over the individual element, so the common right of mankind to the natural resources of a particular country is sometimes superior to the right of the country's inhabitants. Undoubtedly, the practical application of this principle is very difficult but the principle itself is incontestable. To recognize it is the first step toward an effective solution of the problem of the "have" and "have not" nations.

In his Christmas Message, December 24, 1941, Pius XII declared:

"Within the limits of a new order founded on moral principles, there is no place for that cold and calculating egoism which tends to hoard the economic resources and materials destined for the use of all to such an extent that the nations less favored by nature are not permitted access to them."

This proposition is a corollary and application of the one quoted above from *Sertum Laetitiae*, and also of point four, quoted a few pages back from the Christmas Message of 1940. It is frequently expressed, for example, in the Atlantic Charter, as the right of access to raw materials. To this principle is sometimes ascribed an economic efficacy which it does not possess. According to some prominent persons, all that is needed to bring about full employment of capital and Labor everywhere is "free access to raw materials and to all markets and trade routes." This is too simple. It leaves out of account the present situation in which too many countries are competing with one another in the production of certain staple commodities. Japan, Britain, the United States, Germany, even India and China, are equipped to produce indefinite quantities of textiles. If they all could find foreign markets to absorb their exportable surpluses of these commodities, they would all be economically happier than they are today. If each of them could exchange in foreign markets all its surplus products for goods which it needs or desires, the menace of wars from economic causes would become negligible. Despite our just indignation against Japan for her treachery at Pearl Harbor and for the deception that she practiced in the discussions with our Secretary of State; despite her forcible subjugation of Korea; despite her outrageous attack on China—let us bear in mind that Japan might not have perpetrated any of these international crimes if she could have obtained adequate markets for the goods that her economy is fitted to produce.

This situation presents probably the most baffling of all the problems involved in post-war reconstruction. Apparently there is only one solution, difficult as it may be of application. An international authority will have to distribute the world demand for certain mass-production staples among those mass-production countries whose combined potential output exceeds the capacity of the world market. In other words, market quotas will have to be allocated to several competing countries, in accordance with their respective needs and capacities in the world economy.

To be sure, the principle laid down by the Holy Father would apply specifically to several practices which are unjust and harmful and which are easily susceptible of correction. Many raw materials are controlled by monopolistic combinations, either national or international. As examples of national combinations, some of which no longer exist, indeed, may be cited the Chilean control of sodium nitrate, the Japanese monopoly of

camphor, and the American Aluminum Company's control of bauxite; among the international combinations, the Franco-German potash syndicate, the bismuth cartel, the copper export cartel, and the international zinc cartel. As a rule these raw-material combinations do not behave more generously toward foreign purchasers than do monopolistic concerns in control of manufactured products when dealing with their fellow citizens. They charge "all that the traffic will bear." Through preferential arrangements with the Dominions, such as the Ottawa Treaties of 1932, and through political control of non-self-governing colonies—as distinguished from the self-governing Dominions—Great Britain can dominate their markets and direct their imports. Obviously all such interferences with freedom of trade should be discontinued as soon as possible.

Indeed, the whole system of protective tariffs ought to be drastically revised everywhere. All high tariff rates should be promptly and considerably reduced. In those countries whose resources are too meagre to support their population, without some kind of artificial stimulus, the tariffs should be supplanted by subsidies. All these changes would promote the common good and social justice. (All arose and applauded.)

CHAIRMAN WOLL: Monsignor Ryan, we are deeply indebted to you for your profound and philosophic discussion of the moral issues underlying the great problems that are confronting not alone the peoples of our own land but of all lands. I am sure that everyone present here, and those who will read your address when published, will be profoundly impressed with the thoughts you have left with us, and they will leave a deep impression upon our future thinking upon the matter submitted.

We thank you for being with us, both Mr. McNutt and Father Ryan.

Now it was expected by the committee that I should present to the conference the program of our committee. The program, of course, is rather long (that is, the Post-War Committee's program) and it would be an imposition on my part to present to you this full document tonight. All of you have been presented with copies of this report. If not, there are still copies available outside, and so by mere reference to it we shall consider that the program of the committee of the American Federation of Labor has been presented to you. However, I want to take occasion to summarize some of the principal points in connection with the program submitted by the Post-War Committee of the American Federation of Labor and as approved by the Executive Council of the American Federation of Labor.

It is divided, first of all, into two sections, the first part dealing with international problems, the second part dealing with domestic problems. Then again each section is divided into two separate parts, the forepart dealing with principles underlying and the second part of each of these parts dealing with the practical problem of carrying those principles into effect.

Our International Program

The post-war program of the American Federation of Labor points to the twin enemies of human welfare—war and unemployment. Though we may be menaced by one without the other, each contributes to the other.

The keynotes in our program against these two enemies are: Lasting peace must rest on social justice and include all peoples.

The well-being of the worker depends upon his rights on the job.

Unemployment is the entrenched enemy.

The stability of our democracy will require the provision of productive jobs and services for the millions demobilized from the armed forces and the war industries.

Free and independent organizations of the people are an indispensable means of checking concentration of economic and governmental power.

They must not be left as mere objectives and principles, however. The urgency of the situation requires that all of the great functional groups of our society—Labor, Business, Agriculture and the professions unite to discover the concrete means by which these aims can be attained. We believe that the primary emphasis should be placed not on the creation of a new sovereignty but rather on the development of definite ways of working together in the international field to accomplish these purposes.

To implement this program we must seek security, livelihood and justice for all nations, setting up the agencies that will lead to our goals. These new international agencies will be concerned with food for all, world trade, communications and transportation, stabilization of exchange, access to raw materials, etc., in addition to maintenance of world peace and assurance of justice to all nations.

Our Domestic Program

At home we propose an economy of abundance for all with full employment and wages adequate for comfortable standards of living. Abundant production must be balanced by abundant consumption. As a functional organization, the organized labor movement is responsible for promoting the welfare of the wage earners. In order to advance Labor's welfare as an integral part of national welfare, we seek the cooperation of other functional groups as the basis for developing an abundant economy to provide for all.

We believe that free enterprise is an essential part of the democratic way of life. By this we mean the right to choose a job and the right to start a business. Free enterprise and free labor are interdependent and their best interests lie in cooperation for full employment through expanding production and free competition. We furthermore hold that small business is the backbone of a free economy. Only a free economy can support civil and political freedom.

Our report lists these essential principles:

The well-being of the worker depends upon his rights on the job.

The stability of our democracy will require the provision of productive jobs and services for the millions demobilized from the armed forces and the war industries.

Free and independent organizations of the people are an indispensable means of checking concentration of economic and governmental power.

Equality of opportunity is an authentic goal of American democracy.

Immediate Domestic Program

Our first responsibility is to urge Congress to enact legislation setting up a policy commission composed of representatives of functional economic groups with a public chairman as its executive to formulate the policies which shall guide all governmental agencies responsible for some part of the reconversion program after the war. As that program will affect citizens even more vitally than it will industries, the provisions for human demobilization must be made at the same time we provide for contract cancellation and disposition of surplus governmental property. Excellent provisions for contract cancellation are provided in the Murray Bill. The George Bill covers additional industrial problems, but only the Kilgore Bill (S. 1823) provides for both human and industrial demobilization. For this reason President Green has asked all central labor unions to urge action on S. 1823 in which the Murray Bill (S. 1817) should be incorporated.

Our program provides for the demobilization of those in the armed forces, educational services for those who want them, medical care and rehabilitation, and placement in industry.

For the national work force we ask federal interim placement benefits for two years and an efficient national employment service; early enactment of a federal social insurance system; restoration of the shorter work week without material reduction in weekly pay with assurance of opportunity to earn a living.

We urge unions and employers to assume their respective responsibilities and duties in establishing and maintaining full

employment. We urge fiscal policies compatible with full employment, and that a program of needed public works be ready together with housing plans.

We realize that prosperity at home is bound up with prosperity in other nations and with maintenance of the peace.

The growth of freedom throughout the world and in our own country depends upon the growth of public conscience without which laws and agreements are of no avail.

The work of the Post-War Planning Committee has only just begun. We have to study many more international and domestic problems in order to report to the Executive Council. The American Federation of Labor has committees and subcommittees studying many special problems. These include: The Committee on Transportation and Communications; Committee on Women and Children; Committee on Education; Committee on Taxation; Committee on Social Security; Committee on Housing; Committee on Future Trade Unions to study the strategies on the new order to come; a committee studying governmental agencies, particularly as they affect Labor and industrial relations, etc. Then, too, I want to mention that the American Labor Conference on International Affairs has been of great service to our committee. This gives you an idea of the work of your committee on these problems.

On International Labor Relations

We have asked central labor unions to join with other groups in their communities in getting ready for abundant employment. What we accomplish will depend on each plant and company. The central labor unions have important and basic work to do.

In this connection we are urging all of the central labor unions and state federations of labor, if they have not already done so, to immediately appoint Post-War Problems Committees to study their local community, as well as state problems, and to cooperate and to coordinate their activities with that of our National Committee of the American Federation of Labor.

In addition to that we urge our respective national and international unions to do likewise and appoint committees to study their own particular and peculiar trade and industrial problems, hopeful that they, too, may cooperate with the like committees of management and employers of their respective trades and callings. They will thus be prepared for that great emergency which will confront our people, and the workers, particularly, when hostilities will have ended; when the problem of reconverting our war activities into a peacetime economy will be confronting us. We do not overlook the need and the necessity of carrying on production now greater than ever before to meet the great emergencies that still lie before the United Nations, including our own, but at the same time we do not want to be unprepared for conditions that will arise and that will confront Labor here as well as abroad once hostilities have ceased and when we are again looking for an arrangement where peace and tranquillity and good will may again reign among the peoples of the world. We are, of course, deeply appreciative for all the contributions made to the work of your committee and for the assistance rendered by many groups.

So much then for the committee's report to this conference other than this: It is our purpose not only to publish this report, but likewise to publish every address made at this conference and to have it sent out of those attending this conference. We hope also to present a report of this conference and of its discussions and of its conclusions, to each and every local union of the American Federation of Labor throughout the country and to all such others as may be interested in studying the thinking and the planning of the American Federation of Labor on the great and grave problems confronting us now as well as in the future. We thank you now for your very kind consideration in all these matters. (Applause.)

CHAIRMAN WOLL: And now it becomes my pleasant duty to present to you our final speaker. There is no necessity for words of eulogy on my part. You have seen him at work. He has been within our midst for many years. We could all evaluate the great contributions he has made, not merely to the American Federation of Labor; to its respective national and international unions; its state and central labor bodies; to wage earners affiliated with the

American Federation of Labor; but to the great community of American citizenship, aye, to the labor movement of the world; a man possessed of great capacities, great abilities, as you well know; a man whose interest and profound thinking has been only to improve the lot of the common man, the wage earners of the world.

I have great pleasure then in presenting to you the President of the American Federation of Labor for the purpose of reviewing and evaluating the work of this conference and of giving expression to all who have contributed to its success. It is my privilege and pleasure and joy to present to you the President of the American Federation of Labor, William Green. (All arose and applauded.)

PRESIDENT WILLIAM GREEN: Chairman Woll, our distinguished guests, my fellow trade unionists, ladies and gentlemen: Now I bring to you a last word at the close of a most profitable meeting. I have been tremendously impressed by the deep interest which each and all of you who have attended this two-day conference in this room have in the subject matters that have been presented for consideration. You have manifested a profound interest in all the addresses which have been delivered, in the report of the Post-War Committee and in the subject matters that have been considered. I know we shall all go back home enriched because of an acquisition of understanding and knowledge of questions that vitally affect our every-day life and the American way of life.

I thank every one of you for your response to the invitation extended you to attend this meeting, and express to you my deep appreciation for the profound interest which you have manifested in the proceedings of our meeting.

As we now approach the close of this significant Post-War Forum, it devolves upon me to sum up the conclusions reached by the representatives of the American Federation of Labor here assembled from every section of our country to explore ways and means for attaining a more peaceful, a more secure, a more democratic and a more prosperous state of affairs in the world after victory, when this war is won.

First of all, I should like to stress the highly educational and instructive effects of this conference. All of us, when we return to our home communities and our regular duties, will be far better informed and far better equipped to cope with the serious problems that will arise when our country's fight for victory on the production front and the battlefield is triumphantly concluded.

Perhaps even more important, our discussions here have served to stimulate the interest of the American people as a whole in the solution of post-war problems. I believe I can truthfully say that we have helped to influence public opinion in a constructive and salutary way. And because, in our democracy the final decisions are determined by the will of the people, I consider the encouraging public response to our proposals and policies and recommendations to be of deep and abiding significance.

Furthermore, the extensive interest and attention displayed in our conference by the press, the radio, the news reels and other agencies of public information reflect, in my opinion, great credit to the leadership that the American Federation of Labor has contributed toward the solution of our national and international post-war problems. Labor cannot be denied its rightful voice in the decisions that will have to be made because it is now universally recognized that we speak for the great masses of the nation's workers.

In the past two days we have listened to a great many speeches, but the views of American leaders in government, business, industry, agriculture, education and the social sciences have been fully and freely expressed.

As we consider and analyze these discussions, the thing that impresses us most is the remarkable unanimity of thought expounded by the representatives of all groups on the major issues that confront us. Worker, farmer, business man, educator, government official—all have spoken here; and all have espoused the same objectives; all have voiced the same hopes

and desires; all have agreed on the basic methods to be employed in achieving them.

Do you realize what that means? To me it represents the greatest victory of this war, because it proves conclusively that America is united for the winning of the peace. It means that the American people, regardless of their position in life, are determined as never before that the sweat and the blood and the suffering that are going into the winning of the war shall not be expended in vain. It means that a new spirit is being fused out of the sacrifices and suffering required by the terrible struggle in which we are now engaged—a spirit that is willing to subordinate selfish and temporary advantage to gain universal and permanent results, a spirit that demands action, a spirit that will never be satisfied with anything less than unconditional defeat of the forces that plague human life with war, hate, fear, poverty and oppression.

Of course, minor differences of opinion are bound to crop up from time to time as we try to work out the details of our post-war program and put them into effect. This has to be expected. But the important thing, the thing that has to be emphasized, is that we are of one mind—all of us—on the major aspects of the post-war program.

From this conference a clarion call now goes out to the nation and to the entire world—a call for the establishment of lasting world peace at the close of this war—a peace based on the principle of political, economic and social justice to all nations and to all peoples, a peace that will enable the human family to live and prosper and progress as good neighbors in the world community.

Our united call demands the formation of an international organization around the nucleus of the United Nations to establish the peace, to safeguard the peace and to enforce the peace, if necessary. It points the way to the development of friendly and cooperative relations among the nations of the world through the operations of subordinate international agencies set up to adjudicate disputes, to raise labor standards, to regulate and coordinate international business and financial dealings and to help free humanity from ignorance and disease.

These great goals and these practical methods toward their attainment constitute a post-war platform around which the peoples of every nation can unite with confidence and courage and good will.

I know all of us share the feeling of apprehension expressed by David Dubinsky, president of the International Ladies Garment Workers Union, in the impressive address which he delivered during the first day's session of this conference. We have firmly believed in the spirit and the principles of the Atlantic Charter. We were inspired when it was announced to the world. We still maintain that the principles and spirit of that Atlantic Charter must be carried out in good faith. Our nation entered this war reluctantly because we were determined in the contest between totalitarianism and democracy that democracy must win, and the issue, as we understand it, was between these two forms of political philosophy. We are in this war to win for democracy, freedom and liberty. (Applause.)

It is inconceivable that our nation would seek territorial aggrandizement or to join with any other nation in helping to change boundary lines. (Applause.) We hope and trust that the faith will be kept; that there will be no compromise and no surrender upon these vital principles, because the issue has been raised at least by implication. It will be the ever uncompromising policy of Labor to stand on the alert and to see to it that no nation shall come out of this war as an invader of the territory of any other nation, large or small. (Applause.) Then we stand solidly and speak in one voice in an appeal to Great Britain to keep the faith, to apply the Balfour Declaration in spirit and in letter so that the truth made, the agreement solemnly entered into at the conclusion of the First World War shall be carried out in letter and in spirit. (Applause.)

Just as no nation can have a greater external enemy than war, it can have no greater internal enemy than poverty. We have also discovered from our studies that the development of a prosperous world economy depends to a large extent on the degree to which each nation succeeds in solving its internal economic problems.

Therefore, we have devoted considerable attention here to the dangers that confront the economic life of America both in

the transition period from war to peace and in the post-war period that stretches beyond.

Our first conclusion is that the welfare of America requires an economy of plenty. As we look back now to the pre-war days and see how we experimented with attempts to induce scarcity in order to wipe out surpluses, we realize clearly that the government was proceeding the wrong way.

We know now that the only way to establish sound and continuous prosperity in our country is to produce more, not less, and to create wider markets for our production by more bountiful and effective distribution among the great masses of consumers.

This great truth has been recognized here by spokesmen for Industry and Agriculture, as well as of Labor. The major functional groups of our domestic economy are in complete agreement. That agreement embraces these outstanding points:

1. That full production is essential to the national well-being from every constructive economic, political and social point of view.

2. That maximum employment in productive jobs and services must be provided so that every American family can earn a good living and be able to consume the expanded output of our farms and factories.

3. That free enterprise for Industry, Labor and Agriculture must be assured in order to stimulate the greatest possible free and voluntary effort by all concerned for the realization of a progressively higher standard of American living.

What we mean by free enterprise is not the free enterprise of many decades ago; not the free enterprise that fostered monopoly and favoritism; not the free enterprise that attempted to crush Labor, to prevent it from exercising its right to mobilize the only asset which it possessed and that was its economic power; not that kind of free enterprise but a free enterprise, as we understand it now; a free enterprise that will accord to Labor the full recognition of its rights; free enterprise that will no longer foster monopoly, international cartels which exploit the weak and the helpless here and abroad; but a free enterprise that deals with all the public men and women of Labor in an open, free and frank way.

We must remember, however, that full production (maximum employment) and the preservation of free enterprise must depend upon the structure of a balanced economy. The power to buy must always match and even exceed the power to produce. Markets for the products of agriculture and industry must be maintained by keeping the national income and the purchasing power of our people at high levels. The whole program is interdependent.

We offer this economic platform to the nation as the basis on which we can best proceed toward establishing and maintaining prosperity in America in the post-war period.

Furthermore, Labor, Industry and Agriculture are united not only in purpose but in a deep sense of responsibility for making good. We say to America: "This is our job. We know how to do it. We are determined to do it. Give us the assignment."

We say to the government: "Give us a voice in the determination of policy. After all, we are the ones who will have to do the job. Do not tie us down with unnecessary and impractical restrictions on our free enterprise. Do not obstruct our knowledge with unwise and bureaucratic regulations."

We yearn for the day when again we shall be free. (Applause.) We yearn for the day when regimentation will be ended and Labor can be free in America. (Applause.)

This is a point I want to emphasize as strongly as I can. The amazing production achievements of our war program were made possible to a large degree by the free and voluntary cooperation of the major functional groups—Labor, Industry and Agriculture. We all enlisted for the duration. The results attest more eloquently than words to the value of this splendid cooperation.

We want now to re-enlist for the post-war period. We urge the government to accept our willing services.

Would it not be to the advantage of the government and of the nation as a whole to accept this offer? If people are willing and anxious to go out and do a job, isn't that better than to have to order them and force them to work? If we have done it, if we have shown our ability to do it, then why should we not

be accorded a continuing opportunity to demonstrate our ability to cooperate in the solution of vexing, difficult, economic problems and policies?

I say to you out of deep conviction that far better and quicker results will be obtained if the functional groups in our economic life are given the opportunity to reach prior agreements and understandings on basic policies and methods of procedure than if the official policies and methods are decided upon without the consultation and advice of these groups and are promulgated by bureaucratic directive.

Let no one fear that if Labor, Industry and Agriculture are given their rightful voice in the formulation of government policies which they will be required to carry out, the public interest will suffer.

I know it is the fashion in some quarters to castigate the programs of Labor, Industry and Agriculture as the programs of pressure groups. That is the attitude of those who have no confidence in democracy. The workers, the farmers and the business men of America are not pressure groups—they are America. They represent all the people of America. And one of the great achievements of this conference is the voluntary commitment underlying all our discussions that not a single one of these groups will deliberately seek selfish advantage in the post-war program. We realize that a selfish approach will defeat all our ends. We know that everything we hope and dream and plan for can be wrecked if the nation's post-war effort degenerates into a mad scramble for temporary and narrow preferment.

The only way Labor, Industry and Agriculture can help themselves is by helping America to get back on its feet as soon as possible in the post-war period. We all recognize this truth and all our plans and programs are based upon it.

One of the important considerations which we must keep in mind is that what we do now will determine to a large extent the success of our post-war effort. There must be close coordination of the war mobilization and the post-war reconversion programs. The demobilization of industry and the armed forces must be effectively timed and coordinated with the resumption and expansion of our civilian industries. Abrupt cessation of war production and widespread disemployment before we are ready to reconvert, reconstruct and reemploy would be disastrous.

No one realizes more clearly than I the difficulties inherent in the change-over from a wartime to a peacetime economy which we will have to undertake in due course. Because of these tremendous and inescapable difficulties we must prepare now to act swiftly and efficiently when the time comes. The sooner we can get the process started, the simpler our problems will be.

Therefore, the American Federation of Labor recommends that Congress establish immediately the necessary machinery of government to supervise the change-over program, to line up peace production programs which can promptly take up the slack of war production and to facilitate and expedite the reconversion of war industries. We insist, in accordance with democratic precepts, that Labor, Industry and Agriculture be given full representation on the economic adjustment agencies set up by Congress.

At best, the reconversion program cannot be expected to keep

pace with the demobilization process. Therefore, it is extremely urgent that Congress adopt amendments to the Social Security Act to tide the American people over the period when there will not be enough jobs to go around. The key provision in such legislation must be the establishment of a federal system of unemployment compensation under which unemployed war workers and demobilized servicemen can derive sufficient income, in accordance with their family responsibilities, to carry them over the transition period to the time when jobs will be available for them.

The best and only permanent form of social security is a good job at good pay. Labor recognizes that fact. But we ask industry to understand and acknowledge that the stability of our economy and the security of our free enterprise system depend in a large measure upon the extension of a full measure of social insurance to the American people. Only through the stabilizing effects of such social insurance can the sudden tail-spins of our economy be overcome without danger of a crash.

Furthermore, the government, in cooperation with cities and towns throughout the nation, must plan and prepare now a comprehensive public works and housing program which can be put into operation without delay during the emergency period and help create temporary employment until private industry can assume its long-range responsibilities in this regard.

Finally, we come to the fundamental responsibility of private industry itself to move boldly and daringly the moment the government flashes the green light on the road to maximum expansion of peacetime civilian production. Here is where our free enterprise system faces its crucial test. If business and industry respond whole-heartedly to the needs of America when the call comes they will fortify their own future and justify our faith in the free enterprise system. Labor will do everything in its power to assist in the process and to give American industry a helping hand in the attainment of our common goal.

I have now outlined the highlights of the American Federation of Labor's post-war program in the domestic and international spheres as it has been presented during this conference.

This program offers great hope and promise for the future. It is based upon the foundation stones of justice, democracy and freedom. It reflects, I am convinced, the will and the desires of the American people. I know that it will inspire you and the workers you represent to proceed with the immediate tasks of winning the war with renewed vigor and determination and that it will encourage you with new confidence in the ability of the American people and people of good will in all parts of the world to build a finer, a freer and a more secure life for humanity after we have won the war and won the peace.
(Applause.)

CHAIRMAN WOLL: And now I want to express our deep appreciation to all the press for the attention they have given to our conference. We are deeply grateful to the reporters, to the journalists, and to all who have contributed to the success of this meeting.

This meeting will now come to a close and I bid you all good night.

The meeting adjourned at 10.20 P. M.



17 17
J-19439.

RANSDELL INC.
PRINTERS AND PUBLISHERS
WASHINGTON, D. C.

